

Econ 202.01  
Principles of Macroeconomics  
Spring 2006

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**COURSE DESCRIPTION:**

This course provides an introduction to the organization of the U.S. economy, long-run economic growth and short-run economic fluctuation, the structure and role of the monetary system, the problems of unemployment and inflation, and the overall impact of government spending and taxation on the macroeconomy.

**COURSE OBJECTIVES:**

The principal objectives of the course are to provide students with an understanding of the macroeconomy. Students will become familiar with basic forces behind economic growth and short-run fluctuations in market economies and the basic techniques of modeling overall economic activity. They will develop an appreciation for the challenges economists and policymakers face in using monetary and fiscal policies to alter short-run economic performance and to create policies to help foster long-run economic growth. Students will also be introduced to the importance and the impacts of international trade and finance in modern market economies.

**LEARNING OUTCOMES:**

1. Apply graphing skills to analyze macroeconomic models. These skills include an understanding of slope and its computation, curve shifts and movements along a curve, and the ability to draw inference from graphs.
2. Utilize quantitative techniques in the analysis of macroeconomic models. These techniques include manipulating and solving simple linear systems of equations, and computing growth rates.
3. Apply economic theory to contemporary macroeconomic policy issues.
4. Identify, explain trends in, and explain the relationships between the following macroeconomic variables:
  - GDP (real and nominal)
  - Sources of economic growth (including capital accumulation, technological innovation, and productivity growth)
  - Inflation
  - Unemployment
  - Fiscal policy (including government spending, taxation, budget deficits, and national debt)
  - Monetary policy (including money supply, interest rates, and the structure of the U.S. banking system)
  - Consumption spending, saving, wealth, and investment
  - Exchange rates, exports, and imports

**READINGS:**

1. C. McConnell and S. Brue, Economics 16<sup>th</sup> Edition, 2005
2. W. Walstad and R. Bingham, Study Guide to Accompany Economics, 16<sup>th</sup> Edition, 2005
3. *The Wall Street Journal*

**COURSE GRADE:**

1. Three midterm exams.....300 points
2. Three announced quizzes.....100 points
3. Optional final exam.....200 points

\* The comprehensive final exam will be the “makeup” exam for this course. If you miss a quiz or a midterm exam, you can take the final exam as a makeup, and your score will be pro-rated to the missed quiz or midterm exam. The makeup applies to only one missed quiz or exam. **The final exam will be given on June 7<sup>th</sup> at noon, NO EXCEPTIONS!**

**Approximate Grade Scale:**

A 93%	B+ 86%	B- 80	C 70%	D+ 64%	D- 56%
A- 90%	B 83%	C+ 75%	C- 67%	D 60%	

**COURSE OUTLINE:**

Topic*	McConnell-Brue Text Chapter	Walstad-Bingham Study Guide Chapter
Economics problems and production possibilities	2	2
Mixed economy and public finance	5, 31 (587-588, 592-594)	
Measuring domestic output and national income	7	7
Economic growth	17	17
Economic growth and instability	8	8
Basic macroeconomic relationships	9 (152-164)	9
<b>TEST #1</b>		
The multiplier principle	9 (164-167)	9
Aggregate expenditures model	10	10
Aggregate demand and aggregate supply	11	11
Fiscal policy	12	12
Budget deficits and the public debt	18	18
Money and banking	13	13
<b>TEST #2</b>		
How banks and thrifts create money	14	14
Monetary supply	15	15
Extending the analysis of aggregate supply	16	16
Disputes over macro theory and policy	19	19
International economics	6,37,38	6,37,38
<b>TEST #3</b>		

\*Some topics may have to be eliminated or condensed, as time permits.