

## Instructor Information

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## Teaching Assistant

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## Textbooks

Required reading	<i>Macroeconomics</i> , Paul Krugman and Robin Wells, Worth Publishers/ 2009, Second Edition.
Recommended reading	Online Information available on the course Website. Also, there is a very helpful, free Web site to accompany the book at <a href="http://www.worthpublishers.com/krugmanwells">www.worthpublishers.com/krugmanwells</a> This site (from the publisher) has activities and simulations for the more challenging concepts, as well as self-quizzing to help you prepare for exams.

## Course Prerequisites

Econ E201 or equivalent, Sophomore Standing

## Course Objectives

1. Students are to learn how the economy as a whole works and how macroeconomic performance is defined and measured.
2. Students are to learn about the macroeconomic environment in which businesses, government, and household operate. They will learn about factors affecting standard of living through studying production/income, unemployment, and inflation, among other things.
3. Students are to learn how international trade and government policy could affect macroeconomic outcomes.
4. Students are to develop analytical skills to apply macroeconomic knowledge to explore and debate pros and cons of current macroeconomic issues and policy choices.

## Course Outline

1. **Introduction: The Ordinary Business of Life**  
**First Principles of Economics, Chapter 1.**

- **How People Make Decisions**
- **How People Interact**
- **How the Economy as a Whole Works**

## **2. Economic Models: Trade- offs and Trade, Chapter 2.**

- **Models in Economics**
- **Using Models**
- **When and Why Economists Disagree?**
- **The Economist as Policy Advisor**

## **3. Supply and Demand: A Model of a Competitive Market, Chapter 3.**

- **Markets and Competition**
- **Demand**
- **Supply**
- **Supply, Demand, and Equilibrium**

## **4. Macroeconomics: The Big Picture, Chapter 6.**

- **Microeconomics vs. Macroeconomics**
- **The Business Cycle**
- **Employment and Unemployment**
- **Long-Run Economic Growth**
- **Inflation and Deflation**
- **The Open Economy**

## **5. Tracking the Macroeconomy, Chapter 7 (pp. 173-187).**

- **The National Accounts**
- **Real GDP and Aggregate Output**

## **6. Unemployment, Chapter 8 (pp. 199- 214).**

- **The unemployment Rate**
- **The Natural Rate of Unemployment**
- **Types of Unemployment**

## **7. Price Indexes and Inflation, Chapter 7 (pp. 187-192) & Chapter 8 (pp. 214-218).**

- **Price Indexes and the Aggregate Price Level (pp. 187-192).**
- **Inflation & Deflation (pp. 214-218).**

## **8. Economy in the Long-Run: Long-Run Economic Growth, Chapter 9.**

- **Economic Growth Around the World and over time**
- **Why Growth Rates Differ? Determinants of Growth**
- **Success, Disappointment, and Failure**

## **9. Savings, Investment Spending, and the Financial System, Chapter 10.**

- **Matching up Savings and Investment Spending**
- **The Financial System**
- **Financial Fluctuations**

## **10. Income and Expenditure, Chapter 11.**

- **The Multiplier: An Informal Introduction**
- **Consumer Spending**
- **Investment Spending**
- **The Income-Expenditure Model**
- **Macroeconomic Policy**

## **11. Aggregate Demand and Aggregate Supply, Chapter 12.**

- **Aggregate Demand**
- **Aggregate Supply**
- **The AD – AS Model**

## **12. Fiscal Policy: Jump Starting the Economy? Chapter 13.**

- **Fiscal Policy: The Basics**
- **Fiscal Policy and the Multiplier**
- **Budget Balance**
- **Long – Run Implications of Fiscal Policy**

## **13. Money, Banking and the Federal Reserve System, Chapter 14.**

- **The Meaning of Money**
- **The Monetary Role of Banks**
- **Determining the Money Supply**
- **The Federal Reserve System**

## 14. Monetary Policy, Chapter 15.

- **The Demand for Money**
- **Money and Interest Rates**
- **Monetary Policy and Aggregate Demand**
- **Money, Output, and Prices in the Long - Run**

## 15. Macroeconomics: Events & Ideas, Chapter 17.

- **Classical Macroeconomics**
- **The Great Depression and the Keynesian Revolution**
- **Challenges to Keynesian Economics**
- **Rational Expectations, Real Business Cycles, and New Classical Macroeconomics**
- **The Modern Consensus**

## Web – Research Home-Work Assignments

There will be 3 Web-research home-work assignments required in this course.

1. **Assignment #1:** This assignment involves internet searches to find current macroeconomic data regarding output and production and then some interpretation of the observed data.
2. **Assignment #2:** This assignment involves internet searches to find current macroeconomic data regarding employment/ unemployment data and then some interpretation of the observed data.
3. **Assignment #3:** This assignment involves internet searches to find current macroeconomic data regarding aggregate price level and inflation and then some interpretation of the observed data.

## A Tentative Timetable For The Coverage Of Course Material

Please pay close attention to the DATES of exams and CHAPTERS over which you will be tested, WEEKS are less important. Also, slight adjustments are possible. The professor reserves the right to vary the class schedule, depending on student response, the need for increased / decreased time for coverage of topics, and possibly important events.

### WEEKS 1, AND 2

Course Introduction, Chapter 1, Chapter 2, and Chapter 3.

Take quizzes 1, 2, and 3 (Final deadline for taking these quizzes is 10:00 p.m. Saturday, April 30, 2011)

**WEEKS 3, 4, AND 5**

Chapters 6 and 7 (pp. 173-187).

Take quizzes 6, and 7 (Final deadline for taking these quizzes is 10:00 p.m. Saturday, April 30, 2011)

**Complete Assignment #1****WEEK 6: EXAM I**

Thursday, February 15, 2011

**WEEKS 6, 7 AND 8**

Chapter 8 (pp. 199 to 214); Chapters 7 (pp. 187 to 192) and Chapter 8 (214 to 220).

Take quiz 8 (Final deadline for taking this quizzes is 10:00 p.m. Saturday, April 30, 2011)

**Complete Assignment #2**

SPRING BREAK MARCH 7 THROUGH  
MARCH 11 3

**WEEKS 9 AND 10**

Chapters 9 and 10.

Take quizzes 9, and 10 (Final deadline for taking these quizzes is 10:00 p.m. Saturday, April 30, 2011)

**Complete Assignment #3****WEEK 11: EXAM II**

Tuesday, March 29, 2011

### WEEKS 12 AND 13

Chapters 11, 12, and 13.

Take quizzes 11, 12, and 13 (Final deadline for taking these quizzes is 10:00 p.m. Saturday, April 30, 2011)

### WEEKS 14 AND 15

Chapters 14, 15, and 17.

### FINAL EXAM

**[Make sure you have taken ALL of quizzes before taking your Final Exam!]**

Thursday, May 5, 2011, 1:00 - 3:00 PM

## Examination and Grading Policy

Exam 1	25%
Exam 2	25%
Final Exam	35%
Homework Assignments	7%
Quizzes	8%

The following guidelines will be used to determine letter grades:

A = 90% - 100%  
B = 80% - 89%  
C = 70% - 79%  
D = 60% - 69%  
F = Less than 60%

**\*\* If a student wishes to be graded using plus/minus grading system, he/she is welcome to request such grading system in advance (by the end of last week of classes).**

### Note: Calculating Your Course Grade

Your course grade is the **weighted average** of all your grades in the course. The “**weights**” are shown above. The following shows how you can calculate your course grade if GRD1, GRD2, FNL are your grades on Exam1, Exam2, and Final, in percentage, and if HWK and QZ are your grades, in percentage, for the Homework

assignments and your quizzes, then

$$\text{Course grade} = .25* \text{GRD1} + .25* \text{GRD2} + .35* \text{FNL} + .07* \text{HWK} + .08* \text{QZ}$$

For example, if your grades were as follows: Exam1= 72%, Exam2= 80%, Final = 88%, Homework assignment= 100%, Quizzes= 95%, then your course grade will be:

$$\text{Course grade} = .25*72 + .25*80 + .35*88 + .07*100 + .08*95$$

$$\text{Course grade} = 18 + 20 + 30.8 + 7 + 7.6 = 83.4 \text{ and your letter grade in the course is B.}$$

## Additional Information

1. Dates of quizzes are posted on the course web site and can be seen by clicking on each quiz icon. Make sure to check all of the deadlines so you do not miss your quizzes. You can take each quiz up to 2 times and your **highest** grade will be used as your grade.

2. All exams consist of mostly multiple choice questions, however, some or all may contain 1 to 3 short essay questions.

3. If you are ill and cannot take an exam, you must notify me **before** the exam. Those who miss an exam without notification will receive an "F" for the exam.

4. **DISABILITIES STATEMENT:** If you have a disability and need assistance, special arrangements can be made to accommodate most needs. Contact the Director of Services for Students with Disabilities (Walb, room 113, telephone number 481-6658), as soon as possible to work out the details. Once the Director has provided you with a letter attesting to your needs for modification, bring the letter to me. For more information, please visit the web site for SSD at <http://www.ipfw.edu/ssd/>

5. **Center for Academic Support and Advancement,**  
[www.ipfw.edu/casa](http://www.ipfw.edu/casa)

*The place to go for concentrated study time!*

**The SPOT Learning Center:** Make your study time not only more effective, but also more efficient by signing up for free tutoring available in the SPOT in Kettler G21 (next door to the Writing Center). You are entitled to 2 free hours per week of one-to-one, course-specific help in understanding concepts, practicing the application or explanation of material being learned, and developing effective test-taking strategies. Make all appointments online through TutorTrac at [www.ipfw.edu/casa](http://www.ipfw.edu/casa). If you don't see a tutor available for your class, contact us in Kettler G21!

Drop-in tutoring is also available for math (schedule on Web site) and a few other subjects. If you need help with study skills in general, drop by the SPOT to view our self-paced tutorials or make a one-to-one appointment. Information about STEPS (Student Technology Education ProgramS) classes can be found on the CASA Web site, too. Also, check with your instructor about whether Supplemental Instruction (group study) is available for this class. Questions? Call 481-5419.