

California State University, Bakersfield
Essentials of Macroeconomics (ECON 202)

Abbas Grammy, Ph.D.
Department of Economics
Office: BDC Room 249
E-mail: agrammy@csub.edu
Telephone: 661-654-2466

Professor of Economics
School of Business and Public Administration
Hours: T& R 8:30 - 9:30 a.m. & 2:30 – 3: 30 p.m.
Website: www.csub.edu/~agrammy
Fax: 661-654-2438

Course Description:

This course is a study of theories of income, employment, inflation, and money. Emphasis will be placed on macroeconomic theory and policy and analysis of macroeconomic data for decision-making. Course objectives are:

- To learn the principle concepts and theories of macroeconomics
- To analyze macroeconomic trends and apply them to societal conditions
- To be informed of historical and current economic events

These objectives are achieved by classroom lectures and discussions, data analysis projects, historical and current events, homework assignments and examinations.

Course Materials:

K. Case, R. Fair, and S. Oster, *Principles of Macroeconomics and Study Guide for Principles of Macroeconomics* 9th edition 9th edition, New Jersey: Pearson Prentice Hall, 2009.

The textbook's Power Point slides are available on my website under Course Materials. Please download and print as "handout" three to a page for note-taking and discussion purposes. Note: these slides are helpful for note-taking; not for exam preparation.

Course Policy:

Attendance: You are required to attend all class sessions and actively participate in class discussions. You are also required to come to the class on time and stay for the entire period. I will end the class on time and give you a brief break. If you must leave the class to attend a prior engagement before the session is over, you need to let me know in advance.

Grading System: Letter grades will be determined by total percentage points earned in the course. I do not intend to grade on the curve. I will use the following distribution corresponding to each letter grade:

95-100	A	84-86	B	74-76	C	60-64	D
90-94	A-	80-83	B-	70-73	C-	50-59	D-
87-89	B+	77-79	C+	65-69	D+	0-50	F

Assignment Policy:

There will be no make-up exams, quizzes, or assignments. Only serious and compelling medical reasons with supporting certifications from credible sources will be considered. Exams, quizzes, and assignments cannot be made up for other reasons. Assignments must be hand-delivered to me in the classroom on their respective due dates. Other forms of submission such as *sliding under my office door* or *via e-mail* are not acceptable. Late assignments will not be graded. Late arrival to exam or quiz sessions will not receive extra time. If you happen to miss any exams, quizzes, or assignments, your grade will be based on the requirements you have completed. Incomplete grades will not be assigned.

Cheating & Plagiarism:

I follow the university's policy on Academic Honesty enumerated in the CSUB Catalog. In particular, seemingly identical examinations and assignments will be subject to this policy. Please read the policy carefully.

Course Requirements:

Exams and Exercises:

Mid-term Examination	30%
Final Examination	30%
Homework Assignments	10%
Chapter Quizzes	10%
Economics USA Quizzes	10%
Data Analysis Project	10%

Explanation of Course Requirements:

Examinations: There are two exams in this course. Each examination will consist of a combination of problem sets and multiple-choice questions. The mid-term exam will cover Chapters 3-9 and the final exam will cover Chapters 10-17. Multiple-choice questions are mostly taken from the *Study Guide for Principles of Macroeconomics*.

Homework Assignments: There are several homework assignments consisting of problem sets. Late assignments will not receive credit.

Chapter quizzes: You will take a multiple-choice quiz shortly after the completion of a chapter. Most questions are taken from the *Study Guide for Principles of Macroeconomics*.

Economics USA Quizzes: Once a week, you view a videotaped presentation from the Economics USA series and take a quiz while viewing a film. Each presentation is a study of macroeconomic policy with historical applications from the United States.

Data Analysis Project: You'll track historical data on unemployment rate, inflation rate, or economic growth rate. You will analyze the trends of indicator of your choice and use that knowledge to answer a general question and a personal question. Papers are graded on length, data accuracy, graphical illustrations, and writing mechanics and organization. To complete an assignment, follow the steps below:

Process:

1. Choose an economic indicator
2. Visit www.economagic.com to identify the dataset you need
3. Transform the data into an appropriate format
4. Record and tabulate the data
5. Make a chart
6. Insert (copy and paste) the chart into an appropriate location within your essay
7. Place the data table on the last page of your paper
8. Write a 4 to 5 page paper (typed double-spaced and edited for spelling and grammar, excluding the data charts and tables) to analyze the historical trends of the indicator and to answer questions
9. Collate and staple your paper before submission (loose papers lose 1% point)
10. Submit your paper to me in the classroom on its due date. Late papers will not be graded

Organization of the Paper:

1. Introduction and Purpose
2. Definition and Measurement
3. Data Source and Collection Process
4. Data Trend, Analysis, and Illustration
5. Answering General Question
6. Answering Personal Question

Description of the Projects:

Unemployment Rate

Data: Unemployment Rate

Process: Transform monthly data into quarterly averages. Record quarterly data on the rate of unemployment from the first quarter of 2000 to the most recent quarter of 2009

Analysis: Analyze the trend of unemployment rate during this period. Find the average unemployment rate for this period and compare it with the “natural” unemployment rate of 5%.

General Question: Why is it critical for the economy to create jobs for its growing labor force?

Personal Question: How does a rise in the unemployment rate affect your chances of finding a job that would match your qualifications as a college graduate?

Inflation Rate

Data: Consumer Price Index; All Urban Consumers; SA (i.e., seasonally adjusted)

Process: Transform monthly data into quarterly averages. Transform quarterly averages into percentage change quarter-to-quarter. Collect quarterly data on the inflation rate from the first quarter of 2000 to the most recent quarter of 2009.

Analysis: Analyze the trend of CPI inflation rate during this period. Find the average inflation rate for this period and compare it with the “expected” inflation rate of 3%.

General Question: Why is it critical for the economy to keep inflation rate low?

Personal Question: How does a rise in the inflation rate affect your wages and salaries?

Economic Growth

Data: Real Gross Domestic Product in Chained 1996 Dollars (which is actually 2000 Dollars)

Process: Transform quarterly averages into percentage change quarter-to-quarter. Collect quarterly data on Real GDP and its growth rate from the first quarter of 2000 to the most recent quarter of 2009

Analysis: Analyze the trend of the Real GDP growth rate during this period. Find the average growth rate for this period and compare it with the “historical” growth rate of 3.2%.

General Question: Why is it critical for the economy to sustain steady economic growth?

Personal Question: How does sustained economic growth affect your employment and income?

Schedule of Class Activities

Week 1

Introductions

Course Review

Online Databases

Data Analysis on Excel

Chapter 3: Demand, Supply, and Market Equilibrium

Economics USA quiz

Week 2

Chapter 3: Demand, Supply, and Market Equilibrium (continued)

Chapter 4: Demand and Supply Applications

Economics USA quiz

Week 3

Chapter 5: Introduction to Macroeconomics

Chapter 6: Measuring National Output and Income

Economics USA quiz

Week 4

Chapter 6: Measuring National Output and Income (continued)

Chapter 7: Unemployment, inflation, and Long-run Growth

Economics USA quiz

Week 5

Chapter 8: Aggregate Expenditures & Equilibrium Output

Chapter 9: The Government and Fiscal Policy

Economics USA quiz

Week 6

Chapter 9: The Government and Fiscal Policy (continued)

Mid-term Exam

Week 7

Chapter 10: The Money Supply and Federal Reserve System

Chapter 11: Money Demand and the Equilibrium Interest Rate

Economics USA quiz

Week 8

Chapter 12: Aggregate Demand in the Goods and Money Markets

Chapter 13: Aggregate Supply and the Equilibrium Price Level

Economics USA quiz

Week 9

Chapter 14: The Labor Market in the Macro-economy

Chapter 15: Policy Timing, Deficit Targeting, and Stock Market Effects

Economics USA quiz

Week 10 (time permitting)

Chapter 16: Household and Firm Behavior in the Macro-economy

Chapter 17: Long-Run Growth

Economics USA quiz

Important Dates

Data Analysis Project Due: Tuesday November 10

Mid-term Exam: Thursday October 22

Last day of class: Thursday November 19

Final Exam:

11:00 a.m. Tuesday November 24 (section 1)

2:00 p.m. Tuesday November 24 (section 2)