

# MACROECONOMICS

Economics &202

Room: R210 (9:30), or A206 (11:30)

Fall 2008

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**Office Hours:** Daily at 12:30, or by appointment at other times. On some days I will be at the Econ Study Hall in A265.

Why does the national economy fluctuate up and down? What determines the rate of unemployment, or the rate of inflation; how are they related? Why is the federal budget deficit so large, and is that a problem? Why does the U.S. have a large trade imbalance; is there anything that can or should be done about that? What are the causes of the current financial crisis? These are among the questions we will study in this Macroeconomics course.

We want to know why the national and international economy acts the way it does, and what effect the actions and policies of governments, corporations and institutions have on our economic lives. In particular, this quarter, we will investigate whether current global patterns of economic growth are sustainable.

We will learn the vocabulary of economics, become familiar with the theories of economic behavior, and study the major governing institutions of the national and international economy. We will analyze important current issues -- such as monetary policy, the federal budget, the value of the U.S. dollar, the effects of free trade agreements. The course will introduce you to differing perspectives and look at how we have gotten to where we are now. Hopefully, you will gain understanding of our economic world and an enhanced ability to critically evaluate events and policies.

## TEXTBOOKS

*Common Wealth*, Jeffrey Sachs (readily available in the bookstore, your local bookstore, or online).

We will also need some basic economics in a standard textbook form. To do that we will use an online textbook, *Principles of Macroeconomics*, by Timothy Taylor. The text will be available from either [freeloadpress.com](http://freeloadpress.com), or from [stackademia.com](http://stackademia.com). I will explain the difference in class.

For different perspectives on various issues, I will also assign articles on the current economy, and on policy issues (monetary policy, budgets, trade issues), from other publications. These articles will be used extensively in class for discussion. Once the class gets going, there will be a few articles every week. I will post the citations for these articles a couple days before we use them on the MyBCC class website. You will be able to find the articles online, through the BCC library, using the ProQuest database of journal and newspaper articles.

## CLASS SESSIONS

I would like our class time together to be as interactive as possible. Please read the assigned material beforehand, and be prepared to discuss it. Come prepared with questions or comments. Bring questions or discussion of current economic news and events into the classroom. I will be asking you questions, to generate discussion of the readings. Your success in the course partly depends on your active involvement, including class attendance, class participation, seeing me outside of class. Take advantage of office hours.

## CLASS REQUIREMENTS

### A. Exams

There will be three one-hour exams during the quarter, and a two-hour final exam. Exams will consist primarily of short essay questions. These will have you briefly explain an economic concept, or apply the concept to a situation. Exams will be based on all the reading and lectures for that segment of the course. The exams are only comprehensive in the sense that the material builds on itself.

The one-hour exams will count 75 points toward your final grade, the final will count 100 points. Please do not miss an exam. If an emergency arises and **you notify me beforehand**, and you complete the rest of the course work, you may be able to make up a missed exam at the end of the quarter. This exam will be significantly different than the original, most likely two or three extended essay questions.

### B. Response Papers

You will write five short response papers, 1 -- 2 typed pages each. These will be based primarily on the Sachs book (*Common Wealth*). They will ask you to summarize, analyze (using our economic concepts) and respond to chapters in that book. I will clarify the assignment and set some guiding questions a week or so before they are due. Each paper will count 20 points (I will take off 5 points for each day late, no matter what your reason, so that I don't have to figure out what are valid reasons.).

A note on emailing papers: You may email a paper to me to show that you completed it on time. But, please **bring a hard copy to me** at the next available opportunity.

### C. In-class Assignments

A couple times a week I will set some questions for you to answer or discuss in groups. Each group will turn in a summary of your answers, for 75 points over the course of the quarter. You must be present to get credit for these; the point is that you are learning through interaction with your peers.

In the beginning of the quarter these assignments may be problem sets based on the text. As the quarter goes on they will more often be based on articles from current news sources I will ask you to bring to class. You will be prepared to do these assignments if you are keeping up with the class and doing the required reading.

## CLASS SCHEDULE

The following chapter assignments are from your textbooks. Remember, there will also be the articles (assigned in class) from news and opinion publications. As the quarter goes on, these articles will become a more important part of the required reading.

PM: *Principles of Macroeconomics*, Taylor.

CW: *Common Wealth*, Sachs.

WEEK 1 (Sept. 22 – 26)	PM, chapters 21 and 22.
WEEK 2 (Sept. 29 – Oct. 3)	PM, chapters 23 and 24.
WEEK 3 (Oct. 6 – 10)	PM, 3 and 25.
WEEK 4 (Oct. 13 – 17)	PM, 26; CW, chapters 1 and 2.
WEEK 5 (Oct. 20 – 24)	PM, 27; CW, chapter 3 and 4.
WEEK 6 (Oct. 27 – 31)	PM, 29; CW, chapters 5 and 6.
WEEK 7 (Nov. 3 – 7)	PM, 30; CW, chapters 7 and 8.
WEEK 8 (Nov. 10 – 14)	PM, 31; CW, chapters 9 and 10.
WEEK 9 (Nov. 17 – 21)	PM, 32; CW, chapters 11 and 12.
WEEK 10 (Nov. 24 – 26)	PM, 33; CW, chapter 13.
WEEK 11 (Dec. 1 -- 5)	PM, 34; CW, 14.

### EXAMINATIONS

One-hour exams: Friday, October 10th.  
Friday, October 31<sup>st</sup>  
Friday, November 21st

Final exam: Monday, December 8th at 9:30 or 11:30.

### PAPERS

Papers Due: Fridays, October 3rd.  
October 17<sup>th</sup>.  
October 24th.  
November 7th  
November 14<sup>th</sup>.

## GRADES

Your grade will be based on the number of points you earn:

A 460 - 500	B+ 420 - 439	C+ 360 - 379	D+ 300 - 319
A- 440 - 459	B 400 - 419	C 340 - 359	D 280 - 299
	B- 380 - 399	C- 320 - 339	

I do not allow “extra-credit” assignments. Your grade is based on the quality of your work, not its quantity. If you are unhappy with your grade, increase or improve your studying -- I do take account of improvement in your performance over the course of the quarter.

## CLASS OUTCOMES

Here is what BCC (the Economics department, in particular) thinks you should be able to do by the end of this quarter:

1. Analyze macroeconomic outcomes, such as inflation, unemployment, economic growth, and trade and payments balances, by identifying and evaluation explanations, interpretations, possible solutions, and reliable sources of analysis and data.
2. Use economic reasoning and principles to compare and evaluate possible causes of and solutions for macroeconomic instability.
3. Identify the influence and importance of value judgments with regard to macroeconomic problems such as stagnation, budget and trade deficits, or slow productivity growth.
4. Identify and describe the major institutions through which macroeconomic policies are implemented.
5. Identify, compare, and use key macroeconomic statistics; be able to distinguish between data and conclusions based on data; and be able to explain the methods used to gather reported statistics and identify the misuse of economic statistics.
6. Explain the evolution of U.S. capitalism from the Great Depression to the present and identify the major trends in economic policy.
7. Compare and contrast the major traditions of economic thought as they apply to macroeconomic theory and policy.