Principles of Macroeconomics  
Economics 204  
Syllabus, Fall Semester, 2012

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Office Hours: Mon and Wed 9:15–10:30am and 2:00–3:00pm; Fri 9:15–10:30am  

Grading System: Five Unit Tests (multiple choice) will be given during the semester. Test Dates are indicated in the course schedule (below). The lowest score among the first 4 tests will be dropped. If a student misses one of the first 4 tests, that test score will be a zero, but will be dropped. A 2nd missed test will be counted as a zero. If a student misses a unit test due to a university sponsored activity (documented by a faculty advisor/coach) then a make up (essay) test will be given. The fifth unit test will be given on the last scheduled class meeting in December. No makeups will be given for this final exam.

Grade Scale: Final Grades will be based on the average of the unit tests.  
A  92% Average or greater  
A- Between 90.0% and 91.999%  
B+ Between 88.0% and 89.999%  
B  Between 82.0% and 87.999%  
B- Between 80.0% and 81.999%  
C+ Between 78.0% and 79.999%  
C  Between 72.0% and 77.999%  
C- Between 70.0% and 71.999%  
D+ Between 68.0% and 69.999%  
D  Between 62.0% and 67.999%  
D- Between 60.0% and 61.999%  
F  Less than 60.0%

Note: Students who complete the D2L macroeconomics pre-test and score more than 11 out of 20 points on the post-test will receive extra credit as follows: 11 or 12 out of 20 points earns 1% extra credit. Scores of 13 or 14 will earn 2% extra credit. Scores of 15 or 16 will earn 3%. A score of 16 or 17 earns 4%. A score of 18 earns 5% extra credit. A 19 earns 6% and a 20 earns 7% extra credit. The pre-test must be completed by September 14th, 4 pm. Anyone who does not complete the pre-test on D2L by September 14th, 4 pm, will not have the opportunity to receive extra credit at the end of the semester.

*Sample Grade Calculation:*  
Unit I Test  90%  
Unit II Test  80%  
Unit III Test  65%  
Unit IV Test  86%  
Unit V Test  92%  
Pre-Test completed  
Post-Test Score 15

Unit Test Average = (90 + 80 + 86 + 92)/4 = 87% Average  
Course Grade = 87 + 3 points Extra Credit = 90%  
Final Grade = A-
Week #1
Sept 5,7
Course Introduction
Chapter 1: What is Economics?

Chapter 2: Scarcity, Choice, and Economic Systems

Week #2
Sept 10,12,14
Chapter 2: continued
Chapter 3: Supply & Demand

Economics USA Video – Resources and Scarcity
Video – The Commanding Heights: The Battle of Ideas, Part I

Week #3
Sept 17,19
Chapter 3: continued
Video – The Commanding Heights: The Battle of Ideas, Part II

Sept 21
Unit I Exam (Ch 1,2,3)

Week #4
Sept 24,26,28
Chapter 4: Working With Supply & Demand
Topics: Price Floors & Ceilings, Excise Taxes & Subsidies, S & D in Housing Markets, Lending Standards – Leverage

Week #5
Oct 1,3,5
Chapter 6: Production, Income, and Employment
Topics: GDP, The Expenditure Approach to GDP, other Approaches, Measuring GDP, Problems with GDP, Types of Unemployment, How Unemployment is Measured and Problems Measuring Unemployment, Discouraged Workers

Video: The Commanding Heights: The Agony of Reform, Part I

Week #6
Oct 8
Unit II Exam (Ch 4 & 6)
Oct 10, 12
Chapter 7: The Price Level & Inflation
Topics: Measuring the Price Level & Inflation, Index Numbers in General, the CPI, From Price Index to Inflation Rate, Real GDP, Costs of Inflation,
Video: The Commanding Heights: The Agony of Reform, Part II

Week #7
Oct 15,17,19
Chapter 8: The Classical Long Run Model
Topics: Classical v. Keynesian Models, How Much Output (GDP) will We Produce? The Labor Market, The Role of Spending, Total Spending in a More Realistic Economy, The Loanable Funds Market, Fiscal Policy in the Classical Model

Chapter 9: Economic Growth and Rising Living Standards
Week #8
Oct 22, 24, 26
Chapters 8 & 9 (continued)
Video: The Commanding Heights, The Battle of Ideas, Part II

Week #9
Oct 29
Unit III Exam (Ch 7, 8 & 9)
Oct 31, Nov 2
Chapter 11: The Short-Run Macro Model
Topics: Consumption Spending, the Consumption Function, Getting to Total Spending, Equilibrium GDP, What Happens When Things Change?, the Multiplier

Week #10
Nov 12, 14, 16
Chapter 11: continued
Chapter 12: Fiscal Policy
Topics: Countercyclical Fiscal Policy, Deficits and The National Debt, Myths & Realities

Week #11
Nov 19
Unit IV Exam (Ch 11 & 12)
Nov 21, 22
Chapter 13: Money, Banks and The Federal Reserve
Topics: Money, the Banking System, The Federal Reserve System, How the Fed Changes the Money Supply, Banking Panics

Week #12
Nov 26
Ch 13: continued
Chapter 14: The Money Market and Monetary Policy (pp. 388-407)
Topics: The Demand and Supply of Money, Equilibrium in the Money Market, Monetary Policy, Changing the Interest Rate

Week #13
Dec 3, 5, 7
Thanksgiving Vacation

Week #14
Dec 10, 12
Chapter 17: Exchange Rates and Macroeconomic Policy
Topics: Foreign Exchange Markets and Exchange Rates, the Equilibrium Exchange Rate, How Exchange Rates Change Over Time

Dec 14
Unit V Exam (Ch 13, 14 & 17)

Note: When I (your instructor) took this course in the 1960s the most popular text, by Paul Samuelson, called 1960svintage economics, the “new economics,” because many new ideas were being applied for the first time in public policy. But during the 1970s, the 1980s, the 1990s, and now in the 2000s, this discipline has undergone many many changes. Nowadays news sources will refer to the “new economics” as though our ideas have never evolved.

Since the subprime mortgage crisis of August, 2007, moved economics from the business section to the front pages, uncertainty has spread to homeowners, workers, businesses and government officials. Even the idea that our market system of allocating scarce resources has come into question as some politicians have pined away at the possibility that our system of market-based decision making will soon be swept away by a new economic order where tighter government regulation reigns in our “greedy” behavior. A surprising amount of insight into this complicated world can be gained by mastering a surprisingly small number of principles...Such as The Principle of Scarcity, which says that having more of one things usually means have less of another thing... Or the Principle of Increasing Opportunity Costs which suggests that we should use resources with low opportunity costs before turning to those with higher costs.

Success in this class is achieved by studying the material in small bites. Study the material multiple times during the week, but for short periods of time. Review your class notes within a few hours (or anytime you can’t get to sleep at night). Re-work problems that were solved in class. Re-work them, don’t just re-read them. Work the problems at the end of the chapters. The answers to these problems are in the Content section of the D2L course site. Economics majors have a tutor room in Sage 2478, and they are happy to help you. When all else fails, your instructor is available to answer your questions in Sage 2410.