Contact Information:
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web:  http://homepage.smc.edu/BROWN_BRUCE/ (site will soon be operational)
phone:   909-869-5074 (at Cal Poly Pomona)
  I  can be reached at this number Monday and Wednesday afternoons, & I check messages Mon.-Thurs. mornings. Messages may be left at 434-4244, but I will only receive them Friday before class.

Course Description
Microeconomics focuses on individual economic decision makers (such as producers and consumers) and markets. Macroeconomics focuses on things affecting an entire economy.

Macroeconomics typically considers aggregate values relevant for national economies such as: national output (GDP), inflation, national unemployment rate, interest rates (which tend to move together across a nation), money supply.

Before directly focusing on macroeconomic issues, this course first covers fundamental economic concepts such as scarcity, opportunity costs, efficiency, production possibilities frontier, property rights, supply, demand, and equilibrium. These topics are also covered in microeconomics and should be a review for those who have already completed Economics 1 (or a similar class elsewhere).

After the first midterm, macroeconomic concepts will be covered including: macroeconomic fluctuations, (booms or expansions, and busts, contractions, recessions and/or depressions), problems of aggregation (adding “apples and oranges” when calculating national output), historical fluctuations, definition of GDP, classical versus Keynesian theory, potential GDP, and the natural rate of unemployment, fiscal “budget” deficits, aggregate consumption and savings, investment, functions of money, money supply, financial institutions, the Federal Reserve System, (e.g., “the FED,” the U.S. central bank), monetary theory and policy, aggregate demand Keynesian aggregate expenditure multiplier,, stabilization policy, international trade, trade deficit, capital flows and exchange rates.

Caution! Most students find this course challenging and will find it necessary to read text material several times before understanding it. Since class meets only twice a week for eight weeks, it is especially important that you are willing and able to devote a significant amount of time to the course on your own. This course is taught so that those students who transfer to UC, Cal State, and similar institutions will be adequately prepared. Because economics is a prerequisite for many upper division business and social science classes, it is especially important to have a working knowledge of the fundamentals.

Course Text:
- Principles of Macroeconomics, 2nd edition, by N. G. Mankiw
- The study guide by D. R. Hakes is available in the bookstore. It is recommended, not required.

Grading:
Grades will be determined by: i) one comprehensive (i.e., covering all the material in the course) final exam (40%); ii) two midterm exams (25% each); and class participation/attendance (10%). Students are responsible for all material contained in the assigned textbook chapters or presented in class lectures. Student grades are entirely determined by their total points in relation to totals earned by other students.
Students who miss a midterm will receive a zero score unless they have a physically documented excuse, (e.g., a hospital record). In the event of a documented, excused, absence, the weight from the missed exam will be placed on the final exam. If the final exam is missed, and an easily verifiable excuse is presented before course grades are calculated, the student may receive an incomplete grade. There will be no “late drops,” “make-up exams,” or “extra credit.”

Academic dishonesty will result in an “F” grade for the class, and will be reported to the administration at SMC. Examples of academic dishonesty include plagiarism, cheating during exams, use of unauthorized study aids, and document falsification.

During exams and quizzes use of electronic calculators and normal language dictionaries is permitted but they may not be shared by students. Use of electronic or economics dictionaries and/or other books materials or notes is not permitted. Students must bring official photo identification (e.g., SMC ID or driver’s license) on exam days.

Course Outline: (revised 6/28/01 - subject to further revision)

Exam 1 (Saturday, July 14)  Chapters 1, 2, 3, 4, 10, 11, & 12
Introduction; 10 principles of standard economic reasoning, incentives; trade and property rights; opportunity cost; Production Possibilities Frontier (PPF); Supply and Demand; efficiency; international trade theory; national output of goods and services (GDP); macroeconomic fluctuations (recessions and expansions); inflation (increase in average, “overall” level of prices); savings; investment and economic growth;

Exam 2 (Saturday, July 28) Chapters 13, 14, 15, 16, 17, & 18
Changes in the national unemployment rate; money, banking, and financial markets; effect of interest rates on borrowing and lending (which tend to move together across a national economy in which the same currency is used); open economy macroeconomics; exchange rates; international flows of “financial capital.”

Final Exam (Saturday August 11)
– Covering all material on the first two exams, plus: Chapters 19, 20 & 21.
Macro-markets and short run fluctuations, Aggregate Supply and Demand; Fiscal and Monetary Policy; budget deficits and “crowding out” of private sector spending; short run tradeoff between inflation and unemployment.

Other:
- Problem sets will be distributed but not collected. Be sure to do (and re-do) the problem sets and check your answers prior to the exams. Answers will be provided.
- The text will require multiple readings to understand.
- Keep in contact with at least one of your classmates and be sure to find out what happened in any class you miss. Studying in groups is highly encouraged.
- Feel free to contact me and ask questions by phone or email.
- There may be revisions to this syllabus. If so they will be announced in lecture.
- Within this class a number of simplifying assumptions are typically made. A partial list includes:
  i) humans = households = consumers;
  ii) time may be ignored (we do not explicitly consider movement from the short-run to long run);
  iii) consumers make rational choices to maximize utility and firms maximize their economic profits;
  iv) markets “clear” in that all trades take place in equilibrium (no trades take place at “false prices” outside of equilibrium);
  vi) property rights are clear and well defined.