II. COURSE INFORMATION

COURSE OBJECTIVES
The purpose of Macroeconomics I is to enable students to master the concepts and tools that are central to macroeconomic analyses. Macro I is an inquiry into the basic theories of employment, investment, money, aggregate demand and supply, national income and growth.

COURSE DESCRIPTION
This course is designed to prepare students for potential problems and solutions of the macro side of the economies. In this sense, the Macroeconomics I (this semester) and II (next semester) will consist of macroeconomic theories and policies. After presenting the basic concepts and national income identities of the macroeconomics, Macroeconomics I will mainly follow the simple Keynesian model, IS-LM model and AS-AD model.

COURSE METHODOLOGY
Macroeconomics is designed to prepare students for potential problems/solutions of the macro side of the economies. In this sense, it is expected that Macroeconomics I will provide students with the basic background in understanding the alternative fiscal and monetary instruments that can adjust business cycles, inflationary and deflationary gaps. We follow the course outline below and you will be given a research project for this semester. Details about project are given below in this syllabus. Finally, you are expected to participate in discussions on the topics/questions covered by the textbooks.

COURSE REQUIREMENTS
Prerequisite: Introduction to Economics II (ECO. 102)
Attendance: Attendance is not obligatory. However, in order for students to receive the full benefits of the quality education offered by Macroeconomics course, as in other courses, they are strongly advised to attend the course regularly.
Exams: There are two exams to be taken by students for this course; Midterm and Final exams
Project Study: Each student (or group) is given a project by the instructor at the beginning of the semester.

GRADING INFORMATION & CRITERIA
Grading: 40% of the midterm exam and 60% of the final exam constitute the raw grade of the course. Raw grade is then converted into letter grade through the curve system. The outcomes are e-mailed to the students.
As for the students who complete the project work successfully they might be given up to 10 raw points in addition to final raw grade.
Students, who participate actively in discussions in the class, may get some additional points.
REQUIRED & PROPOSED MATERIALS


EXTRA INFORMATION

The Purpose and Methodology of the Project:

As we study on the topics of this course, we will understand that the thoughts of some economists are very seminal to macroeconomic environment in terms of both theory and practice. The purpose of this assignment is to enhance your knowledge of macroeconomics through the search for some selected biographies. Each group is asked to search and prepare a paper for the life and thoughts, in details, of one of those leading economists listed below. You are given several sources of Internet sites and books below in which you can find the full texts about your topic. You are also expected to reach other texts available in the libraries or other Internet sites. Your research paper, the final product of your research, is not needed to be a collection of other persons' opinions but a carefully constructed presentation of an idea-or series of ideas-that relies on other sources for clarification and verification. Mainly, you are supposed to take into consider the points below when you prepare your paper:

1- The basic macroeconomics thoughts of the economist you have chosen to search.
2- The possible determinant(s) of those thoughts?
   a. The time and environment in which he/she lived (i.e., industry revolution, great depression…).
   b. The education he/she had (i.e., Keynes was a student of Marshall…).
   c. The success or failure of any economic school of thought (i.e., the Keynes' thoughts became famous after the failure of those of Classics…).
3- His/her main economic policy proposals/thoughts in adjustment to the economic fluctuations and/or economic crises.
4- Historical records regarding the success or failure of those proposals (i.e., the Keynesian proposals worked out after Second World War till the end of 1960's…).
5- Your own idea(s) and/or critiques on the assumptions and proposals of the economist you searched for. In this section, for example, you can consider that those assumptions/proposals are just for developed/developing countries or you might claim that they are not valid for the current time any more or you might suggest that they need to be modified to the some extent with respect to the prevailing conditions.

Eventually, I want you to hand in a ten-page, or more, paper supported by your sources. Try to take the advantage of division of your work. Projects are due on December 15.

Selected Biographies:
1- Friedman, Milton (1912-)
2- Hayek, Friedrich August (1899-1992)
3- Keynes, John Maynard (1883-1946)  
4- Lancaster, Kelvin John (1924-1999)  
5- Marshall, Alfred (1842-1924)  
6- Marx, Karl (1818-1883)  
7- Mundell, Robert (1932-)  
8- Ricardo, David (1772-1823)  
9- Robinson, Joan Violet (1903-1983)  
10- Walras, Léon (1834-1910)

The Internet Sites:
1- http://www.carleton.ca/~karmstro/ (Keir Armstrong-Carleton University)  
2- http://cepa.newschool.edu/het/thought.htm (The New School, CEPA)  
3- http://www.mises.org/etexts/ecopol.asp (L.W. Mises Institute/search)  
4- http://www.levy.org/ (The Levy Economics Institute/search)

Books:

COURSE OUTLINE

Course Outline:
I. The Basic Topics: (Weeks 1 and 2: October 4-15, 2004)  
- Market Signals,  
- Supply and Demand,  
- The Business Cycle,  
- Unemployment,  
- Inflation,  
- National-Income Accounting.

II. Aggregate Spending: (Weeks 3 and 4: October 8-28, 2004)  
- Components of Aggregate Demand,  
- Consumption,  
- Leakages and Injections,  
- Investment,  
- Government and Export Spending,  
- Aggregate Planned Expenditures.

III. Potential Instability: (Weeks 5 and 6: November 1-12, 2004)  
- Potential Problems: Recessionary Gap and Inflationary Gap,  
- The Multiplier Process,  
- Adjustment to a Recessionary Gap  
- Adjustment to an Inflationary Gap,  
- Equilibrium GDP,  
- Aggregate Supply-Aggregate Demand Gap,  
- Equilibrium GDP.
IV. Fiscal Policy: (Week 7: November 17-19, 2004)
- Taxes and Spending,
- Fiscal Stimulus,
- Fiscal Restraints,
- Fiscal Guidelines.
- Deficits and Debt.

**MIDTERM EXAM**: Weeks 8 and 9: November 22-December 3, 2004)

V. Monetary Policy: (Week 10: December 6-10, 2004)
- The Money Market,
- Interest Rates and Spending,
- Policy Constraints.

- Derivation of the IS Curve,
- Derivation of the LM Curve,
- Equilibrium in the IS-LM Model,
- Shifts in the IS curve and the LM Curve.

VII. The Policy Effectiveness in IS-LM Model:
- Expansionary Fiscal Policy,
- Expansionary Monetary Policy,
- Contractionary Fiscal Policy,
- Contractionary Monetary Policy.