

ECON 201: Principles of Macroeconomics

Moon Oulatta, PhD

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E-mail: oulat1m@cmich.edu

Office hours: **Monday-Wednesday (9:00-12:00)**

Class time: Tuesday-Thursday (9:30-10:45)

Classroom: **Moore 114**

Office: **Sloan 314**

Phone: 989-774-6460

This course provides a solid introduction to macroeconomics. The first part of this course covers national income accounting and the determinants of long-run economic growth. In the second part, we analyze the factors that influence the determination of aggregate employment and prices; including the banking system and the role of monetary policy in explaining the business cycle. Lastly, the third part of this course addresses the key principles of international monetary relations.

Required Textbook and Materials

- **Main textbook:** Modern Principles of Macroeconomics, 5th Edition
Author(s): Tyler Cowen and Alex Tabarrok (**available on blackboard**)
- **Blackboard:** I will only rely on blackboard to post material pertaining to due dates, exams, grades, problem sets, and study guides.

Course Objectives

1. Learn how to measure aggregate macroeconomic activities.
2. Derive a simple Keynesian macroeconomic model.
3. Understand the underlying assumptions of standard growth theory.
4. Know the quantity theory of money.
5. Be able to rely on the aggregate supply and aggregate demand model to examine the effect of monetary policy.

6. Understand the banking system and the role of the central bank (FED) in maintaining financial stability.
7. Be familiar with key exchange rate regimes (for example, fixed versus floating exchange rate regimes).

Course Details

Lectures are held in person and attendance is mandatory. It is important to read the relevant chapters and articles prior to attending class, particularly because the textbook material complements the lectures. I do not allow makeup exams, except for these students whose cases stem from illness or injury. This class incorporates an inclusive and equitable environment, which means that students are expected to treat their peers with a high degree of professionalism, kindness, and respect. Additionally, the university's **Title IX** policy encourages access to information and resources to support anyone who has been affected by, knows of, or wants to help prevent an incident or pattern of behavior. Students may contact the Title IX coordinator (**Mary Martinez**) by phone (989-774-3253) to discuss any questions or concerns. Some students may require additional resources to ensure equal access: these students should contact the **accessibility resources center** to discuss ways in which their needs can be met. The accessibility resources center is located in **park library 120**.

Grade Distribution

Grade	Range (%)
A	94-100
A-	90-93.99
B+	85-89.99
B	80-84.99
B-	77-79.99
C+	73-76.9
C	70-72.99
C-	67-69.99
D+	63-66.99
D	60-62.99
F	0-59.99

Table 1: Grade Distribution (ECON 201)- Principles of Macroeconomics

- **Articles review (30%)**: students will form groups and rely on the different theories discussed in class to discuss one of the weekly articles listed on the syllabus (see guidelines on blackboard). ¹
- **Exams (60%)**: there are two non-cumulative exams in this course. Exams content and dates are available on Blackboard.

¹Note that this is a group project: see blackboard for guidelines.

- **Problem sets (10%):** there are two problems sets, which cover all the economic models discussed in class.

Class Schedule

The following class schedule is tentative and may change if needed. The weekly topics should mainly serve as a reference for the lectures.

- **1. Introduction to macroeconomics:** I will provide a general overview of macroeconomic theory and discuss relevant trends in macroeconomics, including key macroeconomic events. The required reading for this week includes:
 - The big ideas (**chapter 1**)
 - **Article (1)**
- **2. Measuring macroeconomic activities:** we will focus on national income accounting and discuss the different approaches used to measure aggregate income and prices. The required reading for this section includes:
 - GDP and the measurement of progress (**chapter 6**)
 - **Article (2)**
 - **Article (3)**
- **3. Standard growth theory:** we will discuss the main differences between rich and poor countries and go over the underlying assumptions of the Solow growth model.
 - The wealth of nations and economic growth (**chapter 7**)
 - Growth, capital accumulation, and the economics of ideas: catching up versus the cutting edge (**chapter 8**)
 - **Article (4)**
- **3. The labor market:** we will discuss the key components of the labor force and different measures of unemployment.
 - Unemployment and labor force participation (**chapter 11**)
 - **Article (5)**
- **5. Inflation dynamics:** we will rely on the monetarists' quantity theory of money to understand inflation dynamics.
 - Inflation and the quantity theory of money (**chapter 12**)
 - **Article (6)**
- **6. The aggregate supply and aggregate demand model:** first, we will derive the aggregate demand and aggregate supply relations. Then we will examine the key factors that influence aggregate demand (AD) and aggregate supply (AS). Then we will rely on the AS-AD model to understand fluctuations in economic activities in the short run and in the long run. The required reading for this section includes:

- Business fluctuations: aggregate demand and supply (**chapter 13**)
- **Article (7)**
- **8. *Introduction to money and banking***: we will discuss monetary policy and how the federal reserve (FED) policies impact the banking system and the economy.
 - The federal reserve system and open market operations (**chapter 15**)
 - Monetary policy (**chapter 16**)
 - **Article (8)**

Academic Integrity

Refer to the University's **academic policies and guidelines** for information pertaining to academic integrity and honesty policy. Students are responsible to adhere to the honor code in all academic endeavors.