

ECO 202-01: PRINCIPLES OF MACROECONOMICS

Mondays, Wednesdays and Fridays 11:00 am – 11:50 am

114 School of Education Building (SOEB)

FALL 2011

INSTRUCTOR INFORMATION

Dennis Patrick Leyden – 460 Bryan Building, dpleyden@uncg.edu, 256-8558.

Office hours: Mondays 2:00 pm – 3:00 pm, or by appointment.

FOR WHOM PLANNED

This course is intended primarily for freshman and sophomore undergraduate students who want an introduction to the economic analysis of national economies.

ACADEMIC CREDIT

3 semester hours of academic credit. This course also carries General Education Core (GEC) credit in the Social & Behavioral Sciences (GSB) category.

PREREQUISITE

ECO 101 or ECO 201.

CATALOG DESCRIPTION

Introduction to macroeconomic principles and analysis. Topics include the national income, the monetary system, inflation, business cycles, fiscal policy, the national debt, exchange rates, balance of payments, and economic growth.

LEARNING OBJECTIVES

Economics is both a subject matter and a way of thinking. The purpose of this course is to introduce students to current understanding of how national economies function and how to think critically about such material. In terms of the subject matter, students who successfully complete this course will be able to:

1. Identify the measurement of macroeconomic data as: nominal and real GDP; price indices such as the CPI and the GDP price deflator; the rate of economic growth and inflation; and the unemployment and employment rate.
2. Define a federal budget deficit and a federal tax surplus and describe how each affects the federal government national debt.
3. Graph actual real GDP (the business cycle) and potential real GDP (long-term economic growth) and explain the stages of the business cycle in terms of the rate of economic growth, inflation and the unemployment rate.
4. Graph the effect of various macroeconomic factors that shift the aggregate demand (AD) schedule and analyze the effect using the output market.
5. Describe the role of savings and investment in terms of the rate of long-term economic growth, especially for developing countries.

6. Illustrate the economy in a state of recession or inflation using the output market diagram and explain policy variables that will correct the problem of recession or inflationary pressure.
7. Understand the role of the Treasury in the implementation of fiscal policy and the effect on interest rates in the economy.
8. Recognize the role of the Federal Reserve in the implementation of monetary policy and analyze the effect on interest rates and inflation rates.
9. Define the federal funds rate, the discount rate and the prime rate, and the workings of the banking system in the creation of money.

In terms of a way of thinking, students who successfully complete this course will be able to:

1. Define macroeconomic questions clearly,
2. Take stock of the positive and normative perspectives that they use in thinking about macroeconomic issues,
3. Collect and evaluate alternative views and data on macroeconomic issues, and
4. Evaluate alternative views and data so as to come to a reasoned judgment about macroeconomic issues.

READINGS & OTHER RESOURCES

Required readings for this course are taken from the textbooks:

- Goodwin, N., Nelson, J. A., & Harris, J. (2009). *Macroeconomics in Context*. Armonk, NY: M. E. Sharpe.
- Leyden, D. P. (2011). *Critical Thinking in Economics*. Charlotte, NC: Kona.

Additional material necessary to successfully complete the course is located on the course Blackboard® website. To access that site, go to <http://blackboard.uncg.edu> and log in. Note that you must be registered for the course in order to have access to the course's Blackboard® site.

CONDUCT OF THE COURSE

Because of the introductory nature of this course and the large size of the class, this course will be composed of a series of lectures and cooperative learning exercises based on the National Science Foundation sponsored project *Starting Point: Teaching and Learning Economics* at Carleton College's Science Education Resource Center (SERC). Students are strongly encouraged to study all assigned material and to participate fully in all classes. Students are also encouraged to raise questions during class; if there is insufficient time to answer particular questions or the student wishes to talk in more detail, students will be encouraged to meet with the instructor outside of class. Numerous critical thinking assignments give students the opportunity to develop and improve their ability to think clearly about macroeconomic issues. Numerous online practice homework sets give students the opportunity to practice applying their knowledge of the subject of macroeconomics and to identify problem areas before taking the various examinations. Finally, because this course continually builds on what has come before, each of the three examinations will be cumulative. To aid in the learning process, grades will be posted on the course Blackboard® site so that students have current information about their grades. Answer keys for the examinations and the online practice homework sets will also be posted on the course Blackboard® site to provide additional feedback on student understanding.

FACULTY AND STUDENT GUIDELINES

The Bryan School Faculty Assembly and the Bryan School Student Advisory Council have adopted a set of *Faculty and Student Guidelines* to define expected behavior for both faculty and student. For more information, consult the following links:

- academicintegrity.uncg.edu/complete/
- http://studentconduct.uncg.edu/policy/code/conduct_code.pdf
- www.uncg.edu/bae/faculty_student_guidelines.pdf

EVALUATION & GRADING

The course grade is based on 3 exams. In addition there are a number of extra-credit assignments: 6 out-of-class critical thinking assignments, 12 in-class critical thinking assignments, and 1 term paper.

• Exams

- **Scale** – 100 point scale with each letter-grade range being 10 points.
- **Drops** – The 1st exam grade will be dropped if the grade for the 2nd exam or the final exam is higher and replaced by whichever of those later exams is higher. The 2nd exam grade will be dropped and replaced by the final exam grade if the final exam grade is higher than the 2nd exam grade.
- **Exam Average** – The exam average is calculated by taking a weighted average of the three exam grades with the weights being 17.5% (1st exam), 35% (2nd exam), and 47.5% (final exam).
- **Rules for Taking Exams**
 - Students are expected to begin taking exams at the beginning of assigned exam times. No student will be permitted to start the 1st or 2nd exam more than 19 minutes after the start of those exams. No student will be permitted to start the final exam more than 29 minutes after the start of that exam.
 - No student will be permitted to temporarily leave the exam room until they have completed their exam. If a student does leave the room before turning in the exam, that exam will be considered to be completed, and it will be collected at that time.
- **Make-up Exams**
 - Because the 1st and 2nd exams are dropped if a later exam grade is higher, there are no make-up exams.
 - The only exceptions to the no-make-up policy are for the final exam:
 - Students with three or more final exams in a 24-hour period may apply to the University Registrar's Office for permission to change their examination schedules. All requests for changes in exams must be filed with the University Registrar's Office before Reading Day. The usual policy is to change the middle exam.
 - Students who, due to *extreme circumstances* that are *beyond their control*, cannot take the final exam at the scheduled time and date may petition to have the final exam rescheduled. In such circumstances, students should contact the instructor *as soon as possible* and provide *tangible evidence* to support their claim. Examples of situations that are generally *not* justifications for rescheduling the final exam include: conflicts with other courses that do not follow the prescribed final exam schedule, conflicts with work schedules, and conflicts with end-of-semester travel arrangements. Be aware that any makeup final exam may take a different format than the regularly scheduled final exam.

- **Extra-Credit Critical Thinking Assignments (CTAs)**

- 20 extra-credit CTAs are available for students who want a fuller exposure to course material and a higher level of training in learning to think critically about macroeconomics.
 - **6 Out-of-Class CTAs**
 - Unless otherwise instructed, these CTAs should be submitted in class in hard copy form on the day that they are due. Out-of-class CTAs submitted by email cannot be accepted.
 - Out-of-Class CTAs are graded on a 0-to-3 point scale as follows:
 - 0 – Not turned in, or turned in more than 7 calendar days after the assignment’s deadline.
 - 1 – Less than satisfactory work. Any assignment turned in late but within 7 calendar days of the assignment’s deadline is considered unsatisfactory.
 - 2 – Satisfactory work.
 - 3 – Especially meritorious work.
 - **13 In-Class CTAs**
 - There are no make-ups for In-Class CTAs.
 - In-Class CTAs are graded on a 0-to-3 point scale as follows:
 - 0 – Not completed.
 - 1 – Less than satisfactory work.
 - 2 – Satisfactory work.
 - 3 – Especially meritorious work.
 - **1 CTA Term Paper**
 - The CTA Term Paper is due at the end of the semester and provides students with the chance to focus all their macroeconomic and critical thinking knowledge and skills on a macroeconomic subject of their choosing.
 - The CTA Term Paper cannot be turned in late.
 - The CTA Term Paper is graded on a 20 point scale as follows:
 - 0 – Not turned in, or not turned in on time.
 - 1-13 – Less than satisfactory work.
 - 14-17 – Satisfactory work.
 - 18-20 – Especially meritorious work.
 - **Extra-Credit Average**
 - The extra-credit average is calculated by (1) dropping the two lowest scores from the 19 In-Class CTAs and Out-of-Class CTAs, (2) adding up the points on all remaining extra-credit CTA work completed, and (3) dividing that sum by 18. Thus, for example, a student who earned full credit on all extra-credit CTAs would have a total of 71 points (because $71 = 17 \cdot 3 + 20$). Dividing 71 by 18 reveals that this student would have their course average increased by 3.94 points.

- **Course Grade**

- The course grade is calculated by adding the exam average (described above) and extra-credit average (also described above). The course grade is then converted to a letter-grade using a 100 point scale with each letter-grade range being 10 points. The

top third of each 10-point letter-grade range is awarded a plus, and the bottom third of each 10-point letter-grade range is awarded a minus. The course grade will be calculated to two decimal places, and there will be no rounding beyond what is used to carry out the calculations to two decimal places. Thus, for example, a course grade between 80.00 and 83.33 (inclusive) will result in a course letter grade of B–, a course grade between 83.34 and 86.66 (inclusive) will result in a course letter grade of B, and a course grade between 86.67 and 89.99 (inclusive) will result in a course letter grade of B+.

TOPICAL OUTLINE & CALENDAR

The calendar below provides an outline of course topics and associated readings and other materials. This calendar also includes the dates/deadlines for all examinations and extra-credit work. If the University cancels one or more classes, this outline and calendar will be revised if necessary. With regard to examinations, if the University cancels class:

- The day of the first or second examination, the affected examination will take place at the next class meeting time.
- The day that immediately precedes the class at which the first or second examination is scheduled, the affected examination will be moved forward one class.
- The day of the final examination, check the course Blackboard® site for information about rescheduling.

INTRODUCTION AUG 22, 24, 26

- Readings:
 - Leyden, Ch 1
- Audios/Videos
 - Ariely, “How an Injury Led Me to Irrationality”
- Extra-Credit Assignments
 - CTA 1 – conducted in class AUG 24
 - CTA 2 – due at the beginning of class AUG 26
 - CTA 3 – conducted in class AUG 26

WHAT IS MACROECONOMICS?AUG 29, 31; SEP 2

- Readings:
 - Goodwin, Ch 1
 - Leyden, Ch 2
- Videos/Audios
 - Ariely, “The Effect of Expectations”
 - Ariely, “The High Price of Ownership”
- Extra-Credit Assignments
 - CTA 4 – due on-line by the beginning of class SEP 2
 - CTA 5 – due on-line by the beginning of class SEP 2

THE MACROECONOMIC FRAME OF MIND SEP 7, 9, 12, 14, 19, 21, 23, 26

- Readings:
 - Goodwin, Ch 2, 3, 4
 - Leyden, Ch 3
- Videos/Audios
 - Ariely, “The Effect of Expectations”
 - Ariely, “The Power of Price”
 - Ariely, “The Truth about Relativity”
 - Taylor, “Is Income Inequality More Important Than Economic Growth?”
 - Sandel, “Markets and Morals”
- Extra-Credit Assignments
 - CTA 6 – due at the beginning of class SEP 7
 - CTA 7 – conducted in class SEP 7
 - CTA 8 – due at the beginning of class SEP 14
 - CTA 9 – due at the beginning of class September 19
 - CTA 10 – conducted in class SEP 26

***** SPECIAL NOTE: THERE IS NO CLASS FRIDAY SEPTEMBER 16 *****

FIRST EXAMINATION SEP 28

THE MACROECONOMIC FRAME OF MIND (continued)..... SEP 30

- Extra-Credit Assignment
 - CTA 11 – conducted in class SEP 30

ALTERNATIVE MACROECONOMIC VIEWS OCT 3, 5, 7, 12, 14, 17, 19

- Readings:
 - Goodwin, Ch 5, 7
 - Leyden, Ch 4
- Videos/Audios
 - Ariely, “The High Price of Ownership”
- Extra-Credit Assignments
 - CTA 12 – conducted in class OCT 3
 - CTA 13 – due at the beginning of class OCT 14

SECOND EXAMINATION (cumulative)..... OCT 21

ALTERNATIVE MACROECONOMIC VIEWS (continued)..... OCT 24,26,28,31; NOV 2,4,7,9,11,14,16

- Readings:
 - Goodwin, Ch 9, 10, 11 (sections 1, 4, 5), 14 (sections 1, 2, 3)
- Extra-Credit Assignments
 - CTA 14 – conducted in class OCT 24
 - CTA 15 – due on-line by the beginning of class OCT 28
 - CTA 16 – conducted in class NOV 14
 - CTA 17 – conducted in class NOV 16

SYNTHESIS..... NOV 18, 21, 28, 30; DEC 2, 5

- Readings:
 - Goodwin, Ch 12
 - Leyden, Ch 5
- Videos/Audios
 - Taylor, "Is income inequality more important than economic growth?"
- Extra-Credit Assignments
 - CTA 18 – conducted in class NOV 18
 - CTA 19 – conducted in class DEC 2

TERM PAPER DUE..... 5:00 PM FRIDAY DECEMBER 9TH IN 460 BRYAN BUILDING

FINAL EXAMINATION (cumulative) MONDAY DECEMBER 12, 12:00 pm - 3:00 pm