

Syllabus

Principles of Macroeconomics
Econ 201-003
TuTh 10:50-12:05
Beatty 115
Website: <http://wittem.people.cofc.edu>

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COURSE OUTLINE

The foundation of aggregate economic analysis is presented, including identification of basic social goals, money and credit systems, and theories of national income, employment and economic growth, and international interdependence. Why have some countries experienced rapid growth in incomes while others stay mired in poverty? Why do some countries have stable prices while in others inflation consistently destroys savings? Why do recessions occur? How can government policy reduce the frequency and severity of periodic economic decline? Macroeconomics attempts to answer these questions.

I do not see how one can look at figures like these without seeing them representing possibilities. Is there some action a government of India could take that would lead the Indian economy to grow like Indonesia's or Egypt's? If so, what exactly? If not, what is it about the "nature of India" that makes it so? The consequences for human welfare involved in questions like these are simply staggering: once one starts to think about them, it is hard to think about anything else. Robert E. Lucas

TEXT

There is one textbook for this class; *Principles of Macroeconomics* by N. Gregory Mankiw. Additional material may include handouts that will be distributed throughout the course.

GRADING

The final grade in this class will be calculated as the best grade given the following three methods using the grade scale below:

A	A-	B+	B	B-	C+	C	C-	D+	D	D-	F
93%+	90-93%	87-90%	83-87%	80-83%	77-80%	73-77%	70-73%	67-70%	63-67%	60-63%	0-60%

<u>Method 1</u>	<u>Method 2</u>	<u>Method 3</u>
Pop Quizzes 5% Midterm I 30% Midterm II 30% Final 35%	Pop Quizzes 5% Midterm I 10% Midterm II 35% Final 50%	Pop Quizzes 5% Midterm I 35% Midterm II 10% Final 50%

The Final Exam is comprehensive. Roughly ½ of the Final will come from new material not covered on either of the Midterms. The instructor reserves the right to “curve” grades according to any consistently applied metric. Midterm and Final Exams may not be returned.

The Pop Quizzes will be given without announcement. The number of Pop Quizzes is unknown. Practice Questions will be available online through the website listed above.

Exams are multiple choice (bring a #2 pencil and calculator). Optional practice questions are available online at <http://wittem.people.cofc.edu> .

Any disagreement with the grade given in any quiz or exam can only be contested in a written form. Submit in writing (not email) both the question which you believe was unfairly graded along with economic reasoning for why your answer was correct. A written response will be given to you afterwards. **Under NO circumstances will a grade be changed by email or any other means. In addition, grades may not be discussed over email.**

HOW TO STUDY FOR ECON 201

The practice questions *signal* what material will be on the exam but will most likely not appear on any exam. For example, a practice question about the consumer surplus lost from a tariff signals that you should know all welfare issues regarding tariffs and trade. To that end, memorizing the practice question is a waste of your time because I may ask about producer surplus or tax revenue or deadweight loss or winners and losers from the tariff etc....

In my experience the best way to use the practice question is to first take it as a practice test in 10 minutes immediately after we finish that chapter without your text or notes. This will give you an unbiased estimate of your ability to solve problems with your current level of information. Second, go back through the practice questions with your notes/text and try to know all aspects regarding the topic the practice question is about; one simple way to start is to know *why* all the wrong answers are wrong. Your job in this class is not to memorize but to problem solve. Third, change numbers or wording of the practice question and find the right answer.

General Education

General Education Student Learning Outcome: Students apply social science concepts, models, and theories to explain human behavior, social interactions, and social institutions. This learning outcome will be assessed in the final exam.

SCHEDULE

If you can not attend either of the midterms or the final or you will be unable to attend the class regularly, it is recommended that you drop the class. No makeup exams are offered. If you are unable to or unwilling to read the assigned material then it is recommended that you drop the class. The best method to study for the midterms and final is to understand the lecture notes. You, not the professor, are responsible for your notes. The lectures are constructed so that the text may act as a reference.

DATES	NOTES
Jan. 13 – 22	Ch. 1 (opportunity cost, costs, incentives, market failure, externalities) Ch. 2 (circular flow model, production possibility frontier, positive/normative) Ch. 8 (deadweight loss, taxes and welfare)
Jan. 27 – Feb. 5	Ch. 9 (tariffs, quotas, trade and welfare) Ch. 10 (GDP, GDP deflator, consumption, investment, net exports) Ch. 11 (CPI, inflation, real vs. nominal interest rates) Ch. 12 (productivity, capital, human capital, technology, savings, property rights)
Feb. 10 – 19	Ch. 12 (productivity, capital, human capital, technology, savings, property rights) Ch. 13 (stocks, bonds, banks, mutual funds, market for loans) Ch. 14 (present vs. future value, risk aversion, asset valuation) 2/19 = MIDTERM 1 (Ch. 1,2,8-12)
Feb. 24 – Mar. 5	Ch. 14 (present vs. future value, risk aversion, asset valuation) Ch. 15 (unemployment, minimum wages, unions, efficiency wages) 2/26 = FLEX DAY 3/3, 3/5 = SPRING BREAK
Mar. 10 – 19	Ch. 16 (money, currency, money supply, Federal Reserve, money multiplier) Ch. 17 (money and inflation) 3/12 = CLASS CANCELED, PROF AT CONFERENCE
Mar. 24 – Apr. 2	Ch. 18 (net exports, net capital outflows, exchange rates, purchasing power parity) Ch. 19 (Open economy equilibrium, economic policy) 4/2 = MIDTERM 2 (Ch. 13-18)
Apr. 7 – 16	Ch. 19 (Open economy equilibrium, economic policy) Ch. 20 (Aggregate Demand, Aggregate Supply, recessions) Ch. 21 (monetary and fiscal policy, spending multiplier, automatic stabilizers)
Apr. 21 – 23	Ch. 21 (monetary and fiscal policy, spending multiplier, automatic stabilizers)
May 5	8:00 FINAL

OTHER IMPORTANT INFORMATION

HONOR CODE

Lying, cheating, attempted cheating, and plagiarism are violations of our Honor Code that, when identified, are investigated. Each incident will be examined to determine the degree of deception involved.

Incidents where the instructor determines the student's actions are related more to a misunderstanding will be handled by the instructor. A written intervention designed to help prevent the student from repeating the error will be given to the student. The intervention, submitted by form and signed both by the instructor and the student, will be forwarded to the Dean of Students and placed in the student's file.

Cases of suspected academic dishonesty will be reported directly by the instructor and/or others having knowledge of the incident to the Dean of Students. A student found responsible by the Honor Board for academic dishonesty will receive a XF in the course, indicating failure of the course due to academic dishonesty. This grade will appear on the student's transcript for two years after which the student may petition for the X to be expunged. The student may also be placed on disciplinary probation, suspended (temporary removal) or expelled (permanent removal) from the College by the Honor Board.

Students should be aware that unauthorized collaboration--working together without permission--is a form of cheating. Unless the instructor specifies that students can work together on an assignment, quiz and/or test, no collaboration during the completion of the assignment is permitted. Other forms of cheating include possessing or using an unauthorized study aid (which could include accessing information via a cell phone or computer), copying from others' exams, fabricating data, and giving unauthorized assistance.

Research conducted and/or papers written for other classes cannot be used in whole or in part for any assignment in this class without obtaining prior permission from the instructor.

Students can find the complete Honor Code and all related processes in the Student Handbook at <http://studentaffairs.cofc.edu/honor-system/studenthandbook/index.php>

ENROLLMENT

Students not properly enrolled may be dropped from the course or may not receive a final grade. Students who do not attend any of the lectures in the first week may be dropped from the class.

PREREQUISITES

ECON 200 is a pre-requisite for ECON 201. Before taking this course all School of Business majors must earn a C- or better in ECON 200 to continue with a major in the School of Business.

SNAP SERVICES

The College will make reasonable accommodations for persons with documented disabilities. Students should apply at the Center for Disability Services / SNAP, located on the first floor of the Lightsey Center, Suite 104. Students approved for accommodations are responsible for notifying me as soon as possible and for contacting me at least 48 hours before accommodation is needed.

ADDITIONAL STATEMENTS

CORE COURSE OBJECTIVES: Students will gain factual knowledge of the market economy, develop critical thinking and analytical skills through understanding the following economic models and concepts:

1. The impact of trade, trade restrictions and taxes on markets
2. The components of GDP
3. The determinants of GDP and other economic variables
4. A model of AD-AS
5. An open economy macroeconomic model
6. A basic understanding of the banking and financial system

SCHOOL OF BUSINESS AND ECONOMICS LEARNING GOALS: In this class students must ethically question the tradeoff between equity and efficiency. By understanding this inherent public policy tradeoff students will be encouraged to appraise other ethical tradeoffs as well. Additionally, students will be studying economic principles in a global environment. Analyzing the global interactions between economies, firms and households students will have the opportunity to consider their own actions in a global economy. Finally, students will gain valuable problem-solving skills that can be applied to both personal and business decisions.