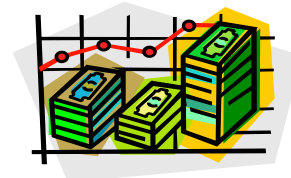




PRINCIPLES OF MACROECONOMICS

Fall 2013

ECON 2105 B 9:30am- 10:45am



Professor: Dr. Cindy Tori

Office: 320 Thaxton Hall

Contact Info: 229-245-2246 (office)
229-460-0374 (cell)
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Office Hours: Tuesdays and Thursdays 12:30pm-3:30pm and by appointment

Responsibilities and Support

You and I both have an obligation to create an environment that is conducive for mastering principles of macroeconomics.

As the instructor, I have the following responsibilities:

- * Come prepared to class.
- * Plan classroom activities to achieve learning objectives.
- * Listen, guide and help students to learn.
- * Write clearly worded examination questions and grade examinations fairly.
- * Show students respect.

As a student, you have the following responsibilities:

- * Attend class regularly. You are responsible for all material covered and referenced in the lectures. The material presented in class is cumulative in nature. You are expected to be punctual when attending class.
- * Come prepared to class.
- * Complete all work and reading assignments with proper attention and thought.
- * Listen, ask questions, be involved in class and learn.
- * Seek help from me or the tutor as soon as you do not understand a concept. The course contents build upon previous material so seeking clarification quickly is essential to your success in this class.
- * If you do not understand an examination question, ask me to clarify the question during the exam period. Check your VSU email each morning before class. I will use your VSU email address to keep you informed and alert you to new information during the semester.
- * Check your BlazeVIEW account regularly. I will post course content that may be needed in class. It is your responsibility to bring the material to class. I will not provide extra copies.
- * Show me and the other students respect.

Student Opinion of Instruction:

At the end of the term, all students will be expected to complete an **online Student Opinion of Instruction survey (SOI) that will be available on BANNER**. Students will receive an email notification through their VSU email address when the SOI is available (generally at least one week before the end of the term).

SOI responses are anonymous to instructors/administrators. Instructors will be able to view only a summary of all responses two weeks after they have submitted final grades. While instructors will not be able to view individual responses or to access any of the data until after final grade submission, they will be able to see which students have or have not completed their SOIs, and student compliance may be considered in the determination of the final course grade. These compliance and non-compliance reports will not be available once instructors are able to access the results. Complete information about the SOIs, including how to access the survey and a timetable for this term is available at <http://www.valdosta.edu/academic/OnlineSOIPilotProject.shtml>.

Access Office for Students with Disabilities:

It is important that every student is provided an appropriate learning and testing environment. If you need classroom accommodations or modifications because of a documented disability, you should contact the Access Office for Students with Disabilities located in Farber Hall. The phone numbers are 229-245-2498 (V/VP) and 229-219-1348 (TTY). The email address is access@valdosta.edu.

Course Information and Materials

Course Description: An introduction to macroeconomic concepts and their application to aggregate economic activity. Factors influencing rates of economic growth, employment and inflation are emphasized. Measures of aggregate economic activity and policies to control it are covered.

Course Prerequisites: none

Text: Hubbard and O'Brien, *Economics 4th Edition*, 2013. ISBN: 978-0132817257
This textbook is used for both ECON 2105 and ECON 2106.

Suggested Readings and Videos:

I encourage you to read current event articles about the United States and other economies around the world. Doing this will help you apply your knowledge and achieve a higher level of learning. The following are a few reputable suggestions.

The following are a few reputable suggestions are

Wall Street Journal

Financial Times (www.ft.com/home/uk)

The Economists

Business Week (www.businessweek.com)

CNBC (www.cnbc.com)

Frequently Referenced Internet Sources:

| | |
|---------------------------------|---------------------------------------------------------------------------|
| Federal Reserve Board | http://www.federalreserve.gov |
| U.S. Treasury Department | http://www.ustreas.gov |
| U.S. Bureau of Labor Statistics | http://stats.bls.gov |
| Bureau of Economic Analysis | http://www.bea.gov |

Calculator required. You will need a basic calculator that can add, subtract, multiply, and divide. You may **not** use your cell phone as a calculator when taking an exam – NO exceptions.

Class notes: Outlines of my class notes are posted on BlazeVIEW as we begin each unit. The notes are not complete. If you miss class, it is your responsibility to ask someone else in the class for the missing notes. I will not distribute complete class notes to individual students.

Practice examinations: Practice exam questions and answers for each unit are available on BlazeVIEW.

General Course Learning Objectives

Valdosta State University is accredited by SACS – the Southern Association of Colleges and Schools. The programs of the Langdale College of Business are accredited by AACSB International – The Association to Advance Collegiate Schools of Business. Fewer than one-third of the business programs in the United States have achieved this distinction of quality. In support of our commitment to quality, the faculty and administration have identified learning goals and outcomes that develop the knowledge, skills, and ethical and global awareness needed for successful managerial and professional careers. The following general course learning objectives support the VSU, Langdale College (LCOBA) and economics major learning goals and outcomes. Unit exam questions are used to assess student learning.

Macroeconomic Basics (LCOBA Program Outcomes 1, 5; Major Outcomes 1, 5)

Students will:

1. define macroeconomic terms.
2. calculate macroeconomic term values.
3. explain the relationships between the macroeconomic terms.
4. illustrate the relationships between the macroeconomic terms.
5. illustrate the impact of a change in the economy on the macroeconomic terms.

Macroeconomic Policies (LCOBA Program Outcomes 1, 5; Major Outcomes 1, 5)

Students will:

1. define and distinguish between short-run and long-run economic conditions.
2. define fiscal policy and monetary policy.
2. calculate the impacts of policy changes on the macroeconomy.
3. define, compare, and contrast macroeconomic viewpoints of fiscal policy and monetary policy.

Macroeconomic Analysis (LCOBA Program Outcome 5; Major Outcome 1)

Students will:

1. identify macroeconomic problems and relate them to the business cycle.
2. list potential policy solutions to correct macroeconomic problems.
3. explain and illustrate how potential policy solutions impact the macroeconomy.
4. identify the policy solution(s) to correct macroeconomic problems for each macroeconomic viewpoint.
5. identify the short-run and long-run consequences of fiscal and monetary policy actions.

International Macroeconomic Basics (LCOBA Program Outcomes 4,5; Major Outcomes 1,3)

Students will:

1. identify factors that lead to economic growth in different countries.
2. demonstrate a basic knowledge of international trade and finance.

Course Coverage and Grading System

Course coverage and schedule:

The course material is divided into three units and is aligned with the general course learning objectives. The expected course schedule and topics covered are listed in the next three tables. Detailed topic outlines are posted on BlazeVIEW. The course schedule may be modified if unexpected events occur. Every effort will be made to adhere to the examination dates.

| Unit 1: Macroeconomic Basics | | |
|-------------------------------------|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dates | Topics and Chapters | |
| Aug 13 | Overview of course and review of syllabus | |
| Aug 15 | Introductions to Economics Ch 1 and 2 select topics | What is economics? Positive and normative economics Macroeconomics and microeconomics Opportunity cost |
| Aug 20 – Aug 22 | National Income Accounting Ch 19 Balance of Payments Ch 29 | Gross domestic product (GDP) Gross national product (GNP) Expenditure approach Nominal GDP versus Real GDP Current Account Capital and Financial Account Trade deficit and trade surplus Net debtor nation and net creditor nation |
| Aug 27 – Sep 3 | GDP changes over time Ch 21 and 22 select topics Inflation and Unemployment Ch 20 | Economic Growth Business Cycle Policies that promote long-run growth Price index Inflation Real versus Nominal interest rates Unemployment |
| Sep 10 | Unit 1 Examination | |

| Unit 2: International Macroeconomic Basics and the Goods Market | | |
|------------------------------------------------------------------------|----------------------------|--------------------------------------------------------------------------------------------------------------|
| Dates | Topics and Chapters | |
| Sep 12 – Sep 17 | Foreign Exchange Ch 29 | Foreign exchange markets Foreign exchange rates Impact on direction of trade |
| Sep 19 | Exchange rate systems | Fixed exchange rate system Floating exchange rate system The Gold Standard The Bretton Woods System |
| Sep 24 – Oct 8 | Goods Market Ch 24 | Aggregate Demand Short-run Aggregate Supply Short-run Equilibrium |
| Oct 10 | Unit 2 Examination | |

| Unit 3: Macroeconomic Policies and Macroeconomic Analysis | | |
|------------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| Dates | Topics and Chapters | |
| Oct 15 | Goods Market Ch 24 | Long-run Aggregate Supply Long-run Equilibrium |
| Oct 22 | Macroeconomics Viewpoints Ch 24 Appendix | Classical Economics Monetarists Keynesian Economics |
| Oct 24 – Oct 31 | Money and Banking Ch 25 | What is money? How banks create deposits Federal Reserve System |
| Nov 5 - 7 | Monetary Policy Ch 26 | Monetary policy targets and goals Monetary policy and economic activity |
| Nov 12 – Nov 14 | Fiscal Policy Ch 27 | Automatic stabilizers Multipliers Debt Budget deficit and budget surplus |
| Nov 19 – Nov 21 | Monetary and Fiscal policy applications (short-run and long-run) | Review |
| Thursday, Dec 5 10:15am–12:15pm | Comprehensive final examination Section B | |

Examinations:

Each unit will conclude with an examination to assess your level of mastery of macroeconomic principles. The course material is cumulative therefore the Unit 2 and Unit 3 examinations will include questions that require a cumulative knowledge of the material learned in the previous unit(s). Sample examinations with answers will be posted on BlazeVIEW.

The examinations will consist of multiple-choice questions and a multi-part analysis question. The analysis question will assess your analytical and problem-solving skills developed up to the point of the examination. Examples of the type of analytical and problem-solving skills required to answer the analysis questions are:

Unit 1: Given economic data, students will

- calculate real GDP, the growth rate, and the inflation rate.
- identify the business cycle phase. Explain your conclusion.
- identify the problem facing the economy (high unemployment and/or high inflation).

Unit 2: Given economic data, students will

- calculate real GDP, the growth rate, and the inflation rate.
- identify the business cycle phase. Explain your conclusion.
- identify the problem facing the economy (high unemployment and/or high inflation)
- identify the likely source of the problem ($\uparrow AD$, $\uparrow AS$, $\downarrow AD$, $\downarrow AS$). Explain your conclusion.
- identify the type of inflation (disinflation, demand-pull inflation, cost-push inflation).

Unit 3: Given economic data, students will

- calculate real GDP, the growth rate, and the inflation rate.
- identify the business cycle phase. Explain your conclusion.
- identify the problem facing the economy (high unemployment and/or high inflation)
- identify the likely source of the problem ($\uparrow AD$, $\uparrow AS$, $\downarrow AD$, $\downarrow AS$). Explain your conclusion.
- identify the type of inflation (disinflation, demand-pull inflation, cost-push inflation).
- list the potential fiscal and monetary policy solutions available to solve the problem.
- based on the country's potential GDP, calculate the GDP gap.
- based on the GDP gap and multipliers, calculate by how much government spending must change to eliminate the GDP gap.
- based on the GDP gap and multipliers, calculate by how much taxes must change to eliminate the GDP gap.
- based on the GDP gap and multipliers, using a balanced budget approach calculate by how much government spending and taxes must simultaneously change to eliminate the GDP gap.

Grading System:

The final grade is based upon your performance on the three examinations. The Unit 1 and Unit 2 examinations are worth up to 100 points each. Since the Unit 3 material is included on the final examination, it has more questions than the two mid-term examinations. The comprehensive final is worth up to 150 points with approximately 100 points Unit 3 specific.

The grading scale is:

| | |
|---|------------------|
| A | 350 - 315 points |
| B | 314 - 280 points |
| C | 279 - 245 points |
| D | 244 - 210 points |
| F | below 210 points |

To maintain the integrity of the grading system, I WILL NOT modify the grading scale or offer extra credit projects for an individual student. DO NOT ASK!!

Important Dates

| | |
|-----------------------|------------------------------------------|
| Sep 2 | Labor Day |
| Sep 10 | Unit 1 exam |
| Oct 3 | Last day to withdraw with a W |
| Oct 10 | Unit 2 exam |
| Nov 25-29 | Thanksgiving break week |
| Dec 5, 10:15am | Comprehensive final for Section B |

Important Policies and Procedures

Grades:

1. For the first two unit exams, we will go over the answers during the class following the exam. The answer key may be kept, however all multiple-choice questions must be returned before leaving class. If the multiple-choice questions are not returned, a grade of zero will be assigned regardless of student performance. If you wish to review the questions individually, you may stop by during office hours or schedule an appointment.
2. If you want to look over the final exam questions and your answers, or if you have a question about your final grade, please email me and I will schedule an appointment for us to meet. The appointment will likely be at the beginning of the next semester.
3. For Unit 1 and Unit 2, the exam grades will be posted on BlazeVIEW after we have gone over the exam in class. Your final exam grade and course grade will be posted on BlazeVIEW no later than the Sunday following the final exam. I will **NOT** discuss grades on the phone. If you have a question about your grade, you may schedule an appointment for us to meet, or you may email me using your VSU email account.

4. If you miss one mid-term examination and have a legitimate excused absence, after completing the final exam you will be given additional questions specific to the unit material missed. It is **YOUR** responsibility to ask for the additional questions. The unit specific questions and your final exam grade will be used to establish a grade for the missed unit exam. If you fail to request the questions after you complete the final, you will be given a zero for the missed examination. Excused absences include death in the immediate family, University sponsored trips, legitimate business obligations or critical illness. Verification is required and permission to miss an examination must be secured **PRIOR TO** the scheduled examination time when possible. You may only be excused from one of the two mid-term exams. If you miss **more than one** examination, a grade of zero will be recorded for the second exam. **There are no make-up exams for the final exam.**
5. Extra credit assignments, if offered, are at my discretion and are available to all students in the class. The assignments must be turned in by the specified due date for credit. Extra credit assignments turned in late will be given a zero. Extra credit assignments will be offered to all students in the class or to none at all (no preferential or special treatment).
6. If you wish to withdraw from this course, it is **your responsibility** to complete and return to the registrar all paperwork. A grade of “W” is reported for all withdrawals prior to the last official withdrawal date (mid-term). A grade of “WF” is reported for all withdrawals after the official withdrawal date (unless specific University conditions are met). A grade of “WF” counts the same as an “F” when calculating GPA. A grade of F is reported for all students who do not turn in the withdrawal paperwork and fail to achieve more than 209 points.
7. A grade of “T” is reported for students with **legitimate excused and documented reasons** for not completing all work before the end of the semester. It is your responsibility to complete a Request for Incomplete form, available at <http://www.valdosta.edu/lcoba/sac/incomplete.shtml> and have the request approved by me before the end of the semester. The missed coursework must be completed within one year or a grade of “F” will be reported.
8. **Cheating will not be tolerated!** Evidence of cheating will result in full disciplinary action.

Laptop Use:

You may use your laptop in class to take notes as long as it does not distract other students. If you engage in activities that are not related to the course, you will lose your laptop privileges.

Cell phone use:

1. You **must** turn off your cell phone or put it in silent mode BEFORE class begins.
2. If you forget your calculator, you may use your cell phone as a calculator during lectures. The cell phone **MUST** be in silent mode. If you are caught texting or engaging in other activities not related to the course, you will lose the privilege of using your cell phone as a calculator.

3. You **may NOT** use your cell phone as a calculator during an examination. If your cell phone is in view or used during an examination, I will take it from you and will return it to you after the exam. You will be assessed a **5 point penalty** on your examination score.

Classroom rules:

No food or drinks (except for water) are allowed in the classroom. Food and drinks may be consumed outside the building, in the hallway, or in the Student Lounge located in the basement. Please properly dispose of all trash.