

Drake University
Principles of Macroeconomics

Econ 001
Section 3, CRN 3524
Spring 2015

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Office Hours: TR10:00am-noon
or by appointment

1.0 Course Overview:

Macroeconomics is a branch of economic science that aims to explain the functioning of the national economy as a whole. It is therefore concerned with the “big” issues, such as economic growth, unemployment, inflation and taxation. Economy as a whole may depart from its potential growth path by fluctuations in real output, interest rate, employment and prices. Government monetary and fiscal policies are often used to mitigate these deviations.

The primary objective of this course is to help you understand and learn the fundamental concepts, methods and principles of modern macroeconomics theory. The secondary goal of this course is to illustrate the usefulness of these principles and methods for analyzing macroeconomic problems in real life. For example, what are the economic effects of tax cuts? Why does the Federal Reserve believe cutting interest rate will help stimulate the sluggish economy? Economists have their own “language” and methods to approach these questions. At the end of the semester, you should be able to *think like an economist*.

Primary Learning Goals:

1. “Students will gain factual knowledge (terminology, classifications, methods, trends).”
2. “Students will learn fundamental principles, generalizations, or theories.”

Additional Learning Goal:

3. “Students will learn to apply course material to improve thinking, problem solving and decisions.” (from IDEA)

2.0 Reading Materials:

Required:

- a. Baumol, W.J. and A.S. Blinder (2012), *Macroeconomics: Principles and Policy* (12th Edition), South-Western, Cengage Learning.
- b. Other reading materials distributed by the instructor.
- c. A one-semester subscription to the *Wall Street Journal*.

3.0 Extra Help:

Economics Tutoring Lab: Spring 2015
<http://faculty.cbpa.drake.edu/econ/tutor.html>

4.0 Course Requirements

4.1 Exams (60%)

Students will take three examinations over the term. Makeup exams are given, but only under the following conditions:

- 1) The student has a legitimate excuse for missing the exam and can substantiate sufficiently any claim; and
- 2) If the excuse is poor health, the student *must* present written confirmation of such poor health from the health center or a certified doctor.
- 3) The student contacts me before 9 a.m. the morning of the exam. Otherwise, the student will not have an opportunity to make up the exam and will receive no credit for the missed exam.

4.2 Group project (10%)

A group of three or four people can be formed to finish the "economic growth profile" project. This project gives you a hands-on opportunity to find economic data about specific regions of the world. With the economic profile, analyze the challenges facing those regions and what policies might help the regions to develop.

4.3 Reading quizzes (12%)

Students will also be given blackboard-based reading quizzes for each chapter in the book *before* the chapter is covered in class. Each quiz must be submitted prior to the deadline set by the instructor. Students should feel free to use their book or lecture notes when taking a reading quiz. *Unlimited* attempts are allowed and *highest grade* will be recorded.

Note: There are NO makeup quizzes.

4.4 Assignments (10%)

Assignments must be turned in at the beginning of class on the specified due date. Assignments turned in on or before the following class will receive no more than 50% credit. Assignments that are late by more than 1 class period cannot be accepted.

4.5 Class Participation (8%)

The rationale for including class participation points in your grade is to encourage you to come to class prepared to discuss the day's lessons in a knowledgeable way, to give voice to what you know and do not know, and to help you learn from your peers as they participate with you. Thus, you will earn credit for participating, irrespective of whether your answer is correct or your question is basic or advanced.

You can earn class participation points by:

- Showing up in class (1 point)
- Showing up during office hours (1 point)
- Participating in on-line surveys (2 points)

For example:

- Fuzzy topics each week: surveys will be posted on Wednesdays and will be available until 11am on Fridays.
- Fuzzy topics for exams
- Raising a question in class (1 point)
- Answering a question in class (1 point)
- Being a volunteer in class (1 point)
- Participating in group activities (1 point)
- Other opportunities

If your total point for class participation is **60 and above**, you will get the full class participation credit. If your point is below 60, you can use the formula to calculate your credit: (your points/60) x 8.

Note: If you have perfect attendance for the semester and meet with me at the beginning of the semester, you will earn an extra 1% on your final grade; if you only miss one class for the rest of the semester and meet with me, you will earn an extra 0.5% on your final grade.

5.0 Grading

Grades will be computed as follows:

Exam 1	20%	<i>NOTE: You may contest your grade during the 7-day period immediately after your assignment or exam is returned to you, or in the case of Reading Quizzes, during the 7-day period immediately after your grade is posted on Blackboard. Once the relevant 7-day period has expired, you may not contest your grade for an assignment.</i>
Exam 2	20%	
Final Exam	20%	
Group project	10%	
Assignments	10%	
Reading Quizzes	12%	
Class Participation	8%	
TOTAL	100%	

EXAM SCHEDULE:

Exam 1:	Monday, February 23
Exam 2:	Monday, March 30
Final Exam:	TO BE ANNOUNCED

Course grade is calculated using the following formula:

$$\text{SCORE} = 60 \times E + 12 \times R + 8 \times C + 10 \times P + 10 \times A$$

where E = average of percentages of the other the exams,
R = average of percentages of reading quizzes, C= percentage of class participation, P = percentage of the group project and A = percentage of assignments

Letter grade is assigned based on the following scale:

90-100	A
80-89	B
70-79	C
60-69	D
<60	F

6.0 Class Policies

Class attendance and participation is expected. Arriving late or leaving early is disruptive to the class and is very inconsiderate to both me and your fellow classmates; therefore, such behavior will not be tolerated. If a special circumstance dictates that you must leave early, please check with me before class. If you arrive late, enter classroom quietly and pick up handouts after class.

Turn off your cell phone ringers when you are in class.

Use of laptop computers and handheld electronic devices (i.e. phones, PDAs, iPods, etc) is only permitted in class to assist learning. Any use of any device that leads to distraction from the learning for other students will not be tolerated. Inappropriate use may include viewing online content not related to the class (including social networking sites), text messaging, answering phone calls, viewing video, and listening to music on such devices.

Failure to observe these rules may result in dismissal from the course.

Students absent from classes are responsible for all the materials presented, making arrangements to submit assignments due, and announcements made in class.

7.0 Tentative Course Schedule*

I. Getting Acquainted with Economics

- Chs: 1. What is Economics?
2. The Economy: Myth and Reality
3. The Fundamental Economic Problem: Scarcity and Choice
4. Supply and Demand: An Initial Look

II. The Macroeconomy: An Introduction to Some of the Issues

- Chs: 5. An Introduction to Macroeconomics
6. The Goals of Macroeconomic Policy
7. Economic Growth: Theory and Policy

III. Aggregate Supply and Demand Analysis

A. Building a Simple Model of the Economy

- Chs: 8. Aggregate Demand and the Powerful Consumer
- 9. Demand-Side Equilibrium: Unemployment or Inflation?

B. Relaxing the Assumptions of the Simple Model

1. Relaxing the Assumption of Fixed Prices: Adding an Upward Sloping Aggregate Supply Curve

- Chs: 10. Supply-Side Equilibrium: Unemployment and Inflation?
- 11. Managing Aggregate Demand: Fiscal Policy

2. Relaxing the Assumption of Fixed Interest Rates: Adding in the Monetary Sector

- Chs. 12. Money and the Banking System
- 13. Managing Aggregate Demand: Monetary Policy
- 14. The Financial Crisis and the Great Recession
- 15. The Debate Over Monetary and Fiscal Policy

3. Adding in the International Sector

- Chs. 18. The International Monetary System: Order or Disorder?
- 19. Exchange Rates and the Macroeconomy

IV. Discussing Some of the Major Issues in Economics

- Chs. 16. Budgets Deficits in the Short and Long Run
- 17. The Trade-off between Inflation and Unemployment

**This schedule provides a tentative outline for the course; deviations may occur and will be communicated to you in class.*

8.0 Legal Disclaimers and Other Information

Electronic mail: Every student *must* have a Drake email account. Course announcements will occasionally be sent by electronic mail, so all students should check their email accounts regularly. An archive of announcements will be posted on Blackboard.

Academic Misconduct Statement:

ACADEMIC INTEGRITY (ACADEMIC MISCONDUCT)

Academic integrity is essential to maintaining an environment that fosters excellence in teaching, research, and other educational and scholarly activities. Thus, Drake University expects that all students have read and understand the University's Code of Student Conduct, and that all students will complete all academic and scholarly assignments with

fairness and honesty. Students must recognize that failure to follow the rules and guidelines established in the University's Code of Student Conduct and this syllabus may constitute Academic Misconduct.

Drake University's Code of Student Conduct (Section IV of Student Handbook) defines academic misconduct as:

Academic Dishonesty: Cheating and Plagiarism A student who cheats or plagiarizes commits an offense against the entire University community. Cheating is defined as an act or attempted act of giving or obtaining aid and/or information by illicit means in meeting any academic requirements, including examinations. Plagiarism is defined as misrepresenting other's ideas, phrases or discourse as one's own.

College of Business and Public Administration (CBPA) define academic dishonesty as:

Academic dishonesty is an encompassing term involving any activity that seeks to gain credit for work one has not done or to deliberately damage or destroy the work of others. Plagiarism is defined as misrepresenting another's ideas, phrases, discourse or works as one's own. Cheating is defined as the act, or attempted act, of giving or obtaining aid and/or information by illicit means in meeting any academic requirements, including examinations.

Ignorance of the University's Code of Student Conduct and CBPA's behavior rule is never considered an excuse for academic misconduct, so I recommend that you review the Code of Student Conduct and, specifically, the sections dealing with academic misconduct.

The penalty for engaging in any of these forms of dishonesty in relation to this class at minimum will be a grade of "0" on the assignment and may result in failure in the course. See the CPBA Handbook or the Drake Student Handbook for further information.

This syllabus and other class materials are available in alternative formats upon request. Students with disabilities are responsible for making their need known to the instructor and seeking assistance in a timely manner. Accommodations are coordinated through Student Disability Services (first floor Old Main).

For more information, please contact Michelle Laughlin, Director of Student Disability Service at 271-1835 or michelle.laughlin@drake.edu.