

Drake University

Intermediate Macroeconomic Analysis

Econ 174
Section 1
Spring 2014

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Office Hours: 10:00-noon TTh or by
appointments

1.0 Course Overview

This course offers students the opportunity to explore and understand issues of Macroeconomic Theory. By the end of the course, students should be able to use economic tools to analyze a diversity of issues and macroeconomic policies. This course is a core in the major and minor in the economic program at Drake.

Primary Learning Goals from IDEA Center Student Evaluations:

1. “Students will gain factual knowledge (terminology, classifications, methods, trends).”
2. “Students will learn to apply course material to improve thinking, problem solving and decisions.”

We will study macroeconomic theories and use them in analyzing relevant economic issues of today’s U.S. economy.

Consider the following:

In 2008, the world economy entered its worst recession since World War II, and the recession continued in 2009. At the start of 2010, growth has become positive in most countries, but the recovery is slow, and unemployment is high and expected to remain high for some time.

Was the decline in U. S. housing prices the trigger for the crisis? And, if so, how did a limited U.S. housing crisis turn into a major global recession? Why were so many other countries affected? What measures did policymakers take, in the United States and elsewhere, and did they make a difference? And, looking forward: Will the recovery be sustained? What will be the long-run effects of the crisis?

These are just some of the questions we will be examining this semester. In order to talk intelligently about them we need to develop concepts about how the economy works. This is where science and theory come in.

2.0 Reading Materials

Required:

Blanchard, Olivier and David R. Johnson, *Macroeconomics*, 6th edition, Pearson.

A one-semester subscription to the *Wall Street Journal*

3.0 Prerequisite

- a. Econ 1 and 2, and Math 28.
- b. Curiosity

4.0 Course Requirements

4.1 Exams (51%)

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 10 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 Math review quiz (2%)

At the beginning of the semester, we'll review some mathematical tools used in this class. A quiz will follow after the review.

4.3 Reading quizzes (10%)

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 *most recent attempt* will be recorded.

Note: There are NO makeup quizzes.

4.4 Class Project: Advisors to President Obama (30%)

In this project, students serve as economic advisors to the President. Students can form a group of no more than four students. President Obama requested that your team of economic advisers prepare a series of three reports describing the state of the economy, analyzing the causes of the recession, evaluating existing policies, and proposing new policies. See the project instructions for details.

4.5 Class Participation (7%)

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 at 5pm 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: $(\text{your points}/60) \times 6$.

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

5.0 Grading

Grades will be computed as follows:

Exam 1	17%	<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	17%	
Final Exam	17%	
Class Participation	7%	
Math Review Quiz	2%	
Reading Quizzes	10%	
Class Project	30%	
TOTAL	100%	

Course grade is calculated using the following formula:

$$\text{SCORE} = 51 \times E + 10 \times R + 2 \times M + 7 \times C + 15 \times P$$

where E = average of percentages of the exams, R = average of percentages of reading quizzes, M = percentage of math review quiz, C = percentage of class participation, and P = percentage of the class project.

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 Tentative Course Schedule and Outline

Introduction

Syllabus

Math review

An Overview of Macroeconomics

Blanchard and Johnson (BJ), Chapters 1, 2 and 10 (sections 1-3).

The Short Run

Booms, Busts, and the IS-LM Model

BJ, Chapters 3, 4 and 5

The Medium Run

The AS-AD Model

BJ, Chapters 6, 7 and 8

The Great Recession

BJ, Chapter 9

The Long Run

Why are some countries richer than others?

BJ, Chapter 10 section 4.

Why do economies grow? Inputs?

BJ, Chapter 11.

Policy Revisit

The Fiscal Problem of the 21st Century

BJ, Chapter 23

7.0 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.

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.