

Principles of Macroeconomics
ECON 2105
Spring 2019

Instructor: Amakoe Alognon

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Office: Andrew Young School of Policy Studies – Vault V50-Q

Office hours: Wednesdays 2 PM – 3 PM, and by appointment (please, email me)

Class hours: Tuesdays and Thursdays 5:30 PM– 6:45 PM

Classroom: Langdale Hall 521

Prerequisites

Math 1101 (Introduction to Mathematical Modeling) or Math 1111 (College Algebra)

Catalogue Description

This course is designed to introduce students to the fundamentals about the operation of the economy at a local or global level. Throughout the course, students will develop an understanding of the principles of economics and explore some fundamental topics in macroeconomics such as national income and GDP, economic growth, inflation, unemployment, the structure and role of the financial sector, and the role of fiscal and monetary policies. In the process, students will be exposed to some of the challenges faced by policy makers.

Method of Instruction

Students will gain a firm grounding in macroeconomics through a series of lectures, readings, discussions, in class-activities, assignments and examinations. Throughout the course, students will apply what they learn to better understand the US economy and the world economy.

Course learning outcomes

By the end of the course, students should:

1. Be able to identify the basic principles of economics;
2. Display knowledge of the specific vocabulary and graphical methods of macroeconomics and apply these to the domestic and global economy;
3. Understand and describe the concepts and measurement of gross domestic product, unemployment, and inflation.
4. Understand and be able to describe the difference between business cycles and economic growth and the factors that contribute to each.
5. Understand how Aggregate Demand and Aggregate Supply determine equilibrium price and output in the short-run and long-run.
6. Understand the multiplier concept, how it is computed, and its qualifications and limitations.
7. Be able to distinguish between the Classical and Keynesian Schools in macroeconomics.

8. Understand and be able to describe the concepts, tools, and implementation of fiscal and monetary policies, their relative advantages and limitations and how they affect the aggregate economic activity.
9. Identify factors of economic growth and compare economic growth across countries;
10. Understand why trade is necessary and the factors that determine a country's ability to trade as well as the role of international trading arrangements

Class expectations

The student is expected to:

- **Attend lectures**

Classes are **MANDATORY**. Excessive absence will be governed by the university's guideline of missing more than 15 percent of all classes. I will be tracking your attendance in class and continued absence will be noted. The PowerPoints do not have all the information covered in class, so do NOT think you can stay home, read the PowerPoints, and learn the same amount. This also means you need to take notes when you are in class. Moreover, there will be practice questions and interactive discussions which will be helpful as you prepare for exams. Attending class is important and experience indicates that students who attend the lectures regularly do significantly better than students who miss lectures. Please, keep in mind that my office hours are not meant for catching up on lecture contents for missed classes. If you miss a class, you are responsible for any missed materials and catching up.

- **Complete homework and assignments**

Homework is intended to help you familiarize with the content of the class, prepare for tests, and learn more about macroeconomics as a field of study. You are expected to complete all homework assignments on time, as there will be no opportunity to turn your work in late. You are encouraged to discuss course content and homework questions with your peers; these are put in place to help you learn, and student collaboration is an effective way to solidify concepts and strengthen content areas. However, you need to keep in mind that while you can prepare for examinations in groups, there is no group work while taking the examination. So, you must make sure to pay attention in learning, answering and solving things by yourself and not just in groups, to be able to do well in exams.

- **Review for exams**

Before each exam, there will be at least half a class period allocated to review what has been covered so far. You are expected to come prepared to ask and answer questions about the materials. This review session is NOT intended to replace your individual study time. Instead, it is meant to help you clarify concepts, and practice questions.

- **Be respectful**

Class is a learning opportunity for all enrolled students, not just for one. Students are expected to respect others' opinions and comments, be respectful of others' time, and not interrupt the instructor. As a courtesy to all, I will expect everyone to put their phones on silent, not text/receive calls during class, to not be late or leave early in a disruptive manner, and to not use inappropriate language when addressing classmates or the instructor.

Course materials required and recommended:

- **Textbook:**

Principles of Macroeconomics (or Principles of Economics), 2nd edition, by Dirk Mateer & Lee Coppock, publisher, www.norton.com.

- **Other:**

- Access to SmartWork5 (SW5), an online homework management system from W.W. Norton is required. The ebook format of textbook is included with SW5 access. Also, access to InQuizitive (IQ), and adaptive learning tool from W.W. Norton, is included with SW5 access, although your instructor may or may not be using this resource. An access card for SW5 & IQ is included with purchase of new textbook from GSU bookstore. Students may also purchase SW5 directly from publisher.
- Access to GSU's learning management system, iCollege (formerly known as Brightspace, Desire2Learn, or D2L), is required. It is recommended that students check the iCollege course website at least once between class meetings. Students may set up notifications in iCollege so that they are automatically alerted to new iCollege emails and announcements. iCollege can send such notifications to an email account specified by the student or via text messaging. Student help for iCollege can be found here: <http://technology.gsu.edu/technology-services/it-services/training-and-learning-resources/desire2learn/taking-courses-in-desire2learn-for-students/>
- It is critical that students have access to a reliable internet connection throughout the semester, especially because of the required online homework in SW5. There are multiple computer labs on campus that students may use. See <http://technology.gsu.edu/technology-services/it-services/labs-and-classrooms/computer-labs/> for more information about locations and hours.
- A non-programmable scientific calculator (for homework and exams) is recommended.

Class requirements and policies for missed assignments

- **SmartWork5 Homework Assignments:**

The homework assignments for this class will be post-lecture “quizzes” using SmartWork5 (SW5) which will be due on **Saturdays at 11:59 PM**. Please, see the tentative class schedule for specific deadlines and the corresponding chapters. Deadlines are also posted on the SW5 assignments.

Since the quizzes are managed online, there is no opportunity to turn in your work late. Consider that you may experience technical difficulties, so give yourself enough time to complete each quiz. After the deadline has passed, the quizzes will be available in view-only format so that you can use them as study tools. Technical issues are not acceptable excuses for missing SW5 assignments deadlines, and there are no make-ups for missed SW5 assignments.

- **Technical Issues with SW5:**

Students should first consult with W.W. Norton tech support if they have any technical difficulties with SW5 or IQ. Links are provided in iCollege. If the issue is not resolved to your satisfaction, you can then consult with your instructor. Be sure to include the W.W. Norton tech support ticket number so that your instructor can attempt to follow up with them. Students will register for and access all W.W. Norton products (SW5, IQ, and ebook access) via the links provided in iCollege. The first time a student clicks on one of the links, they will be prompted to register, and each time after that, they will automatically be connected to the resource. It is important that students always access their SW5 and IQ assignments via the direct links in iCollege to have their grades automatically recorded in the iCollege gradebook. Instructions for accessing the ebook offline are posted in iCollege.

Midterm exams and final

There will be **three** exams; two midterm exams and one cumulative final exam. Each midterm will contribute 25% towards your final score and the final exam will contribute 30%. The homework assignments will count for the remaining 20%. Please refer to the tentative class schedule below for specific dates and corresponding chapters. All exams will be closed book and closed notes. There may be questions that require you to do some calculations, so you may bring a non-programmable calculator. If you forget to bring an approved calculator, you will NOT be able to use your phone, tablet, laptop, or any other device in place. Sharing calculators is not allowed during exams.

There will be **no make-up exams** under any circumstances, justified or not. To account for the possibility of missing an exam or having a “bad” exam day, I will replace the lowest of your midterm exam scores with your final exam score, if your final exam score is higher than your lowest mid-semester score. This can be thought of as improvement bonus which is intended to assist students who improved over the course or to assist students who missed a midterm or had a low score on one of their midterm exams for any reason. Please note that your final exam score cannot be replaced by any of your midterm exam scores.

All exams will consist of multiple choice and short answer questions. If a student is more than 30 minutes late to class on exam day, (s)he will not be allowed to take the exam. Consequently, the policy regarding missed exams will apply.

Extra credit opportunities

Throughout the semester, there will be opportunities for extra credit that are discussed below.

- Federal Reserve Bank visit

Students are encouraged to go to the Federal Reserve Bank of Atlanta and participate in the FREE Fed tour. Please, be mindful that you need to have a valid government-issued ID to be granted free access. To receive extra credit, you need to bring to class a FREE postcard, and on the back, write three facts that you learned during the tour. The postcard can be picked up at the Fed and it is free. The due date for this assignment is the last day of class, **Thursday, April 25**. This extra credit assignment can contribute at most 1% towards your final grade.

- In Class Pop Quiz

On some days I will flip a coin towards the end of class to decide whether an extra credit pop quiz will be administered. Each of these quizzes can contribute at most 1% towards your final grade. You must be present at the moment the quiz is being administered, otherwise extra points will not be earned for that activity.

- Class participation

Effective participation in class activities and discussions can count up to 1% towards your final grade.

There will be no additional extra credit other than the ones mentioned here. Do not contact me requesting additional extra credit assignments.

Extra credit activities shall count for no more than 5 additional percentage points. That is, the most extra credit that each student can earn is 5 percentage points in total, to contribute towards their final grade.

Grading Policy:

See the following table for details on how grades will be determined.

Items	Weight	Date
SmartWork (online HW)	20%	Every Saturday 11:59 PM
Exam 1	25%	Thursday, February 14 (5:30 PM to 6:45 PM, Langdale Hall 521)
Exam 2	25%	Thursday, Mar 28 (5:30 PM to 6:45 PM, Langdale Hall 521)
Exam 3 (final exam)	30%	Tuesday, April 30 (4:15 PM to 6:45 PM, Langdale Hall 521)
Extra Credit	5%	
Total	105%	

Grades will be assigned based on the following scale.

Course Grade	Evaluation
A+	Your grade \geq 97%
A	\geq 93%
A-	\geq 90%
B+	\geq 87%
B	\geq 83%
B-	\geq 80%
C+	\geq 77%
C	\geq 73%
C-	\geq 70%
D	\geq 60%
F	$<$ 60%

Important dates

- 01/15 – First day of class
- 02/14 – Midterm I
- 03/18 – 03/24 – Spring break (No class)
- 03/28 – Midterm II
- 04/30 – Final Exam

For information about drop-offs and withdrawals, go to

<http://registrar.gsu.edu/registration/withdrawals/>

Communication

All class materials such as PowerPoint presentations, and study guides will be posted on iCollege. Class grades will also be posted on iCollege. You are responsible for checking iCollege regularly as all class announcements will be posted there.

Contact me directly through my email at aalognon2@student.gsu.edu.

Emails through iCollege will not be answered. Use your student email address when you contact me. I will not reply to any email sent from an address other than the one the school has assigned to you.

Tentative course outline

The course outline at the end of this document provides a general plan for the course; deviations may be necessary.

Policy on Academic Honesty

All students are responsible for knowing and adhering to GSU's Policy on Academic Honesty as published in On Campus: The Undergraduate Co-Curricular Affairs Handbook. An incident of academic dishonesty (cheating on a test, plagiarizing, etc.) will result in an automatic F for the course.

Please see the Academic Honesty at the link provided GSU's Policy on Academic Honesty: <http://deanofstudents.gsu.edu/files/2016/03/2014-2015-Section-II-Academic-Conduct-Student-Code-of-Conduct.pdf>

Disruptive Student Conduct

All forms of disruptive behavior should be avoided. Disruptive student behavior as defined by the Student Code of Conduct includes but is not limited to: "verbal or physical threats, repeated obscenities, unreasonable interference with class discussion, making/receiving personal phone calls, excessive tardiness, leaving and entering class frequently in the absence of notice to instructor of illness or other extenuating circumstances, and persisting in disruptive personal conversations with other class members."

If a student is being disruptive, I will first warn the student. If the student fails to comply with the warning, I will require the disruptive student to immediately leave the classroom for the remainder of the class period. If the student refuses to leave, I may summon the campus police to remove the student.

Please ensure that laptops, cellular phones, tablets, etc. are turned silence during lectures and exams.

Refer to Georgia State University policy on disruptive student conduct at <http://codeofconduct.gsu.edu/>.

Technology Policy

This course will involve graphs, mathematical equations, and problem solving. It is not advised for taking notes on a computer. I suggest that take notes by hand. The PowerPoint presentations are an overview of the material covered in class, so there are plenty of supplemental notes that you can take from lecture. Laptops can be distracting for the user and others in the class. If I believe your computer or tablet is distracting you or others, I will ask you to put it away. Cellphones are not allowed in class unless they are being used as a calculator for in-class problem solving. However, if the cellphone is a distraction, I will also ask you to put it away. Please, remember that cellphone calculators are NOT allowed during exams.

Important Notes:

1. This syllabus provides a general plan for the course; deviations may be necessary.

2. Your constructive assessment of this course plays an indispensable role in shaping education at Georgia State. Upon completing the course, please take time to fill out the online course evaluation.
3. Students who wish to request accommodation for a disability may do so by registering with the Office of Disability Services. Students may only be accommodated upon issuance by the Office of Disability Services of a signed Accommodation Plan and are responsible for providing a copy of that plan to instructors of all classes in which accommodations are sought.
4. Students who withdraw after the midpoint of each term will not be eligible for a “W” except in cases of [Emergency Withdrawal](#).
- a. Withdrawal Policy: <http://advisement.gsu.edu/self-service/policies/withdrawal-policy/>
- b. Repeat to Replace Policy: <http://advisement.gsu.edu/self-service/policies/repeat-to-replace-policy/>
- c. Grade Appeal and Change (including Incomplete Grades) Policy: <http://registrar.gsu.edu/academic-records/grading/grade-appeals-and-changes/>
5. Important University dates can be found at <http://registrar.gsu.edu/registration/semester-calendars-exam-schedules/>
6. Georgia State University values diversity and is committed to fostering and maintaining an educational environment which appreciates individual differences in all areas of operation including classroom instruction, texts, and materials. To this end, any actions, practices, or processes by any faculty, staff person, or student that discriminates against or is prejudicial toward any person or group based on race, gender, age, religion, ethnicity, nationality, disability, sexual orientation, or socioeconomic status will not be tolerated.

Date	Chapter	Time	Topic
Week 1	Foundations of Economics Chapter 1	Tuesday, Jan 15	Syllabus Introduction to economics Macro vs. micro economics
		Thursday, Jan 17	Trade-offs Opportunity Cost Marginal Thinking Incentives Trade
		Recommended Practice Problems	Questions from chapter 1: Questions for Review: 1, 3, 4 Study Problems: 1, 3, 4, 6, 8
Week 2	Introduction to Macroeconomics and Gross Domestic Product Chapters 6	Tuesday, Jan 22	Introduction Defining GDP Importance of GDP Think-Peer-Share GDP data for U.S. and other countries Basics for Computing GDP Expenditure Approach Income Approach Value added approach

			National Income vs. GDP
		Thursday, Jan 24	Calculating Real GDP Shortcomings of GDP GDP Growth
		Recommended Practice Problems	Chapter 6 Questions: Questions for Review: 1, 3, 4 Study Problems: 1, 2, 4, 8, 9, 10
Week 3	Unemployment Chapter 7	Tuesday, Jan 29	Introduction Structural unemployment Frictional unemployment Cyclical unemployment Natural rate of unemployment Unemployment rate Shortcomings of unemployment rate Labor Force Participation rate
	Inflation Chapter 8	Thursday, Jan 31	Introduction Measuring inflation Shortfalls of the CPI Cost of inflation Cause of inflation Why govts inflate the money supply Think-Peer-Share
		Recommended Practice Problems	Chapter 7 Questions: Questions for Review: 2, 4 Study Problems: 2, 3, 5, 6, 7, 8 Chapter 8 Questions: Study Problems: 2, 3, 4, 5, 6
Week 4	Savings, Interest Rates and the Market for Loanable Funds Chapter 9	Tuesday, Feb 5	Introduction Loanable funds market Interest rate and savings Interest rate and borrowing Fisher equation Shift of the supply of loanable funds Shift of the demand for loanable funds Equilibrium
		Thursday, Feb 7	Shocks to loanable funds market

	Financial Markets and Securities Chapter 10		Key financial tools for the macroeconomy Bond pricing
		Recommended Practice Problems	Chapter 9 Study Problems: 1, 3, 4, 5 Chapter 10 Study Problems: 1, 2
Week 5	Review Session and Exam 1	Tuesday, Feb 12	Review Session
		Thursday, Feb 14	Exam 1
Week 6	Economic Growth and the Wealth of Nation Chapter 11 Growth Theory Chapter 12	Tuesday, Feb 19	Data Computing economic growth Rule of 70 Think-Peer-Share Resource and Technology Institutions
		Thursday, Feb 21	Introduction to Growth Theory Solow Growth Model Convergence Policy Implication Modern Growth Theory
		Recommended Practice Problems	Chapter 11 Study Problems: 1, 3, 5, 7 Chapter 12 Study Problems: 1, 2, 3, 5
Week 7	The Aggregate Demand-Aggregate Supply Model Chapter 13	Tuesday, Feb 26	Introduction Slope of the AD curve Shifts in the AD curve Long-Run AS Shifts in the LR-AS Short-Run AS Shifts in the SR-AS
		Thursday, Feb 28	Equilibrium: Short-Run Equilibrium: Long-Run Equilibrium: Both
		Recommended Practice Problems	Chapter 13 Study Problems: 1, 2, 3, 4, 5, 9
Week 8	The Great Recession, The Great Depression, and Great Macroeconomic Debates Chapter 14	Tuesday, Mar 5	Application AD-AS: Great Recession Application AD-AS: Great Depression

	Federal Budgets Chapter 15	Thursday, Mar 7	Introduction Government Outlays Government Revenue Deficit vs Debt Introduction to Fiscal Policy Multiplier
		Recommended Practice Problems	Chapter 14 Study Problems: 1, 2 Chapter 15 Study Problems: 2, 4
Week 9	Fiscal Policy Chapter 16	Tuesday, Mar 12	Time Lags Crowding Out Supply Side Fiscal Policy
		Recommended Practice Problems	Chapter 16 Study Problems: 2, 4, 5
	Money and the Federal Reserve Chapter 17	Thursday, Mar 14	Introduction What is money? How do banks create money? Controlling the Money Supply
		Recommended Practice Problems	Chapter 17 Study Problems: 1,8,9
Week 10	Spring break	Tuesday, Mar 19	No class
		Thursday, Mar 21	No class
Week 11	Review session and Exam 2	Tuesday, Mar 26	Review Session
		Thursday, Mar 28	Exam 2
Week 12	Monetary policy Chapter 18	Tuesday, Apr 2	Monetary Policy Tools Overview of Monetary Policy (Short-run) Expansionary Monetary Policy Contractionary Monetary Policy Why monetary policy does not always work?
		Thursday, Apr 4	Aggregate Supply Shifts and the Great Recession Monetary Policy in the Long Run The Phillips Curve
		Recommended Practice Problems	Chapter 18 Study Problems: 2,4,5

Week 13	International Trade Chapter 19 International Finance Chapter 20	Tuesday, Apr 9	Global/ Domestic Trade Empirics Absolute Advantage Comparative Advantage Other Advantages Tariffs Quotas Arguments for trade barriers
		Thursday, Apr 11	Introduction to Exchange Rates Characteristics of Foreign Exchange Market Supply and Demand of Foreign Currency Applying FX Model
		Recommended Practice Problems	Chapter 19 Study Problems: 1, 2, 4, 5
Week 14	International Finance Chapter 20	Tuesday, Apr 16	Changes in Demand Changes in Supply Changes in AD in other countries Purchasing Power Parity
		Recommended Practice Problems	Study Problems: 1, 3, 5, 6
		Thursday, Apr 18	Trade deficit Balance of payments
Week 15	Review sessions for final exam	Tuesday, Apr 23	Review of Exams 1 and 2's materials
		Thursday, 25	Review of materials after Exam 2
Week 16		Tuesday, Apr 30	Final Exam