ECONOMICS 101

Principles of Macroeconomics

Term 1 2018-2019

### *Professor Todd Knoop*

Office: 201 College Hall

Telephone: 895-4208 (voice mail)

e-mail: [tknoop@cornellcollege.edu](mailto:tknoop@cornellcollege.edu)

Homepage: <http://people.cornellcollege.edu/tknoop/>

***Class Times:*** 9:00-11:30 Monday, Wednesday, and Friday

9:00-11:00 Tuesday and Thursday

1:00-2:30 Monday--Thursday

***Office Hours:*** 11:30-12:00 Monday, Wednesday, and Friday

Additional hours as needed or by appointment

***Texts:*** Mateer and Coppock, Principles of Macroeconomics, 2nd edition

***Quantitative Reasoning*** Jessica Johanningmeier

***Consultant:*** 126 Library

895- 4222 or [JJohanningmeier@cornellcollege.edu](mailto:JJohanningmeier@cornellcollege.edu)

Web page: <http://cornellcollege.edu/library/qrs>

***Writing Consultant:*** Center for Teaching and Learning

125 Library

895-4812 or [sdoyle@cornellcollege.edu](mailto:sdoyle@cornellcollege.edu)

***Omicron Delta Epsilon Honor***

***Society*** ***Intro Macro Tutors:***

***Introduction:***

Macroeconomics is the study of economies as a whole. In this class we will attempt to answer six primary questions:

1. Why are some countries rich and some poor, and why do some countries grow faster than others?

(2) What causes inflation and what are its costs?

(3) What are the causes of recessions and depressions?

(4) Can monetary policy or fiscal policy be used to prevent recessions and maintain full employment of the work force?

(5) What are the dangers associated with high levels of public debt?

(6) Is international trade beneficial and what are its macroeconomic implications?

In Macroeconomics, we will focus on the economic terms you are most likely to hear about on the evening news: interest rates, output, inflation, the Federal Reserve, exchange rates, and unemployment to name a few. It is because of this applicability to the real world that many of you will find Macroeconomics very interesting. It is also why an active interest in the world around you will help you understand classroom material. In fact, my goal for you in this class is simply to be able to understand the economic articles you read in the newspaper or the news you see on TV. It is for this reason that you will be well served by paying attention to current events and participating in our frequent class discussions on recent economic happenings.

Economists are often portrayed as bickering and indecisive, probably for good reason. Economists are not in total agreement on the answers to many important questions relating to Macroeconomics. Unfortunately, one of the most difficult aspects of Macroeconomics is this lack of universal truth. It is because of this that the emphasis in this class will not be on always obtaining the “correct” answer to a question (if there is one) but on addressing questions in a systematic manner. This approach differs from that used in many other topics of study and is a reason why many students often struggle in economics. As a result, it is very important for you to attend class and keep current on all material. Reading the book is a poor substitute for class attendance.

Remember: *“The theory of economics does not furnish a body of settled conclusions immediately applicable to policy. It is a method rather than a doctrine, an apparatus of the mind, a technique of thinking, which helps its possessor to draw correct conclusions.”*

*-- John Maynard Keynes*

***Learning Objectives for this Course:***This course supports the Educational Priorities and Outcomes of Cornell College (<http://www.cornellcollege.edu/about-cornell/mission/>) with emphasis on knowledge, inquiry, reasoning, communication, and vocation. Specifically, this course will require students to:

* develop analytical and critical thinking skills by learning how to think in terms of economic models (inquiry, reasoning);
* develop quantitative literacy skills that allow us to address economic questions in a systematic manner in order to understand real world phenomena (inquiry, reasoning, vocation);
* better understand current issues in economics and public policy and become better consumers of economic information (knowledge and vocation);
* improve written communication skills (communication).

***Class Format:*** I plan on using class time in the following way. The morning sessions will consist of lecturing from our main textbook, Mateer and Coppock. The afternoon sessions will primarily be used for three purposes. First, quizzes and exams will be given and reviewed during this time. Second, class discussions will be conducted on any assigned readings outside of the textbook. Third, in-class problems sets will be worked on in an effort to review important concepts from the lectures.

***Grading:*** Course grades will be determined by four classes of assignments and will be based on 500 possible points. I reserve the right to use my discretion at the margin and things such as class participation will be considered in borderline cases.

**(1) Exams:** Two midterm exams and a selectively comprehensive final exam will be given. Each midterm will be worth 100 points and the final will be worth 130 points. If a make-up exam is needed, a time must be arranged in advance of the test date.

**(2)** **Quizzes:** Five quizzes will be given periodically throughout the term. Each quiz will be worth 20 points. The purpose of these quizzes is to give you an opportunity to identify your areas of weakness before an exam and also to ensure that you do not fall behind in class preparation. The total points from quizzes will be 100 points.

**(3) Paper:** Each student will be required to write one short paper on a published newspaper, magazine, or internet article of your choice. This paper should be related to a topic of current *MACROECONOMIC* interest and also should relate to class material. Included in this paper should be a brief review of the article, an explanation of the author’s point of view, and a critical analysis of the article using class material. All references should be fully cited. This paper should be 2-4 pages long, excluding graphs, and will be worth 40 points.

**(4) Class Participation:** Class participation will count for 30 points toward the final grade and will be assigned on the basis of both quantity and quality of participation. Topics that are important enough to find their way onto exams will definitely be reviewed extensively in class. If you miss a class it is your responsibility to find out what announcements and other materials or assignments were presented in class.

***Academic Honesty:*** Academic dishonesty will not be tolerated and will be dealt with in accordance with Cornell’s student regulations.

***Learning Disabilities:*** Cornell College makes reasonable accommodations for persons with disabilities.  Students should notify the Coordinator of Academic Support and Advising and their course instructor of any disability related accommodations within the first three days of the term for which the accommodations are required, due to the fast pace of the block format.  For more information on the documentation required to establish the need for accommodations and the process of requesting the accommodations, see <http://www.cornellcollege.edu/academic-support-and-advising/disabilities/index.shtml>.

***Cell Phones and Technology:*** All cell phones are to be turned off and put away during class times. If I see you operating your cell phone during class, you will be asked to leave that day’s class immediately.

I am fine with using your computer to take notes, but if I observe you on the internet or engaging in any other activities that would distract your classmates, you will be asked to leave that day’s class and will not be allowed to bring your computer again.

***OUTLINE OF TOPICS AND READINGS***

Also, additional articles and topical readings will be assigned throughout the semester and will be posted on our course page on Moodle.

*Section 1: Macroeconomic Basics*

Monday #1: Intro/Supply and Demand Chapters 1 and 3

Tuesday #1: Comparative Advantage Chapter 2, pg 37-45

**Quiz #1**

Wednesday #1: Measuring GDP Chapter 6

Unemployment Chapter 7

Thursday #1: Inflation Chapter 8

**Quiz #2**

*Section 2: Macroeconomics in the Short-Run and the Long-Run*

Friday #1: Savings and Financial Markets Chapters 9 and 10

Monday #2: Economic Growth Chapter 11

Tuesday #2: **Exam #1**

Wednesday #2: Growth Theory Chapter 12

Thursday #2: Aggregate Demand and Supply Model Chapter 13

**Quiz #3**

Friday #2: Recessions and Depressions Chapter 14

*Section 3: Monetary and Fiscal Policy*

Monday #3: Money and the Federal Reserve Chapter 17

Tuesday #3: Monetary Policy in Practice Chapter 18

**Quiz #4**

Wednesday #3: Government Budgets and Debt Chapter 15

Thursday #3: **Exam #2**

Friday #3: Fiscal Policy Chapter 16

Income Distribution Handouts

## Section 4: International Trade and Open Economies

Monday #4: International Trade Chapter 19

International Finance Chapter 20

**Short Paper Due**

**Quiz #5**

Tuesday #4: Conclusions

Wednesday #4: **Comprehensive Final Exam**