

EC112 – H01: (Honors) Principles of Macroeconomics

Spring 2018

Monday/Wednesday 3:30-4:50pm

Professor: Laura Jackson Young

Office: Adamian Academic Center (AAC) 173

Office Hours: Monday/Wednesday 2:00pm – 3:00pm, and by appointment

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Course Description

This course is designed to be a very rigorous introduction you to the economic way of thinking. You are expected to work hard, actively participate, ask questions whenever you are uncertain and perform to the best of your ability.

The goal of the course is to provide you with the analytical tools and intuition necessary to analyze important topics in the economics framework. The science underlying the study of economics considers how economic agents (consumers, firms and society as a whole) make decisions and how to allocate scarce resources. This semester will focus on macroeconomics – considering how the aggregation of households, firms, and the government influence overall production, the price level, labor markets (and thus unemployment), interest rates, and exchange rates.

By the end up of the course you should be comfortable discussing how to measure and compare production across economies, what affects the cost of living, the relationship between employment and inflation, how short-run and long-run economic fluctuations differ, the role of fiscal and monetary policy in stabilizing economic output and their effects on interest rates, the price level, output, and employment. We will discuss the costs and benefits of international trade and the factors influencing exchange rates. Students will develop the skills to understand and analyze current economic issues and are encouraged to apply the topics from class while reading news articles and economic research.

Required Textbook: *Principles of Macroeconomics* (8th Edition) – N. Gregory Mankiw

- Aplia at <http://www.aplia.com> – A majority of the content needed for this course can be found on this website. An online, printable version of the textbook is available for your use. I recommend this option since you will need to purchase access to the website (\$130) and this would include the e-version of the textbook. In an effort to save you money from having to purchase a hard copy of the textbook, I selected this website as it also has a lot of very useful resources that would help in the progression of the course. Also, the website will include reading assignments, problem sets, and practice problems.
- You will be able to register for Aplia via any of the content links on Blackboard. From here, you have the option to purchase access to Aplia directly on the website or you can purchase an access code from the bookstore.
- See PDF on Blackboard with instructions for accessing and registering for Aplia.
- You are responsible for notifying Aplia immediately if you encounter any technical problems. You can register for Aplia immediately without paying. However, your payment grace period ends at 11:59 PM on 1/29/2018, at which point unpaid users will be denied access to Aplia.
- If you do still want to purchase a copy of the book, the bookstore is offering a loose-leaf version which you are welcome to use. Also, the 7th edition is a near-perfect substitute and you can search for this or used copies of the 8th edition in order to find the best deal.

Required Readings

I have posted a selection of articles on Blackboard that we will discuss throughout the semester. The Course Schedule included at the end of the syllabus (and also posted on Blackboard) highlights the material outside of the textbook that we will be using. I will expect you to have read the piece before class so that you can contribute to the discussion. The material from the articles may also appear on exam questions.

Recommended Materials

We will frequently discuss current events related to domestic and international economic conditions. I encourage you to seek out other resources such as *The Wall Street Journal*, *Financial Times*, *Bloomberg*, or *The Economist* on a regular basis. This will help you to understand how the economic concepts we discuss in class are pertinent to everyday life. Also, one goal throughout the semester should be to enhance your understanding of these publications and be able to discuss aspects of the U.S and world current economic events.

Course Goals

Analysis of the economic environment of business, including the influence of the government and central bank policies, recessions and expansions, inflation and growth on the economy. Introduction to important debates such as: Keynesian versus Classical approaches, rules versus discretion, the national debt, "supply-side" economics etc.

Learning Objectives

A. Knowledge Objectives:

- Understand the short- and long-run effects of monetary and fiscal policy decisions on macroeconomic variables such as production, employment, interest rates, prices, consumption and investment.
- Be able to distinguish between monetary and fiscal policies and how these are implemented.

B. Skills Acquired:

- Is able to analyze the impact of economic shocks and policy decisions on key variables, using macroeconomic models and graphical analysis.
- Has developed logical reasoning skills by understanding how different assumptions lead to different models (and results).

C. Perspectives Gained:

- Has developed an appreciation of differing economic perspectives on macro policy.
- Has developed a keen awareness of the international ramifications of national policies.

Grading

Evaluation for the course will be based upon:

- Midterm Exams (2 @ 20%)	= 40%
- Final Exam	= 25%
- Aplia Homework	= 15%
- FREDcast + Monthly News Summaries	= 15%
- Class Participation	= 5%

Aplia Homework:

I will post weekly Aplia homework assignments throughout the semester and will specify the due dates according to how much material we cover during the class meetings. These will consist of multiple exercises to help you learn to apply the concepts learned in class. I encourage you to work together on these assignments, but everyone must equally contribute and you are responsible for submitting your own assignment. You will find the homework assignments to be good study guides for the exams. You must submit the problem sets by the deadline as noted on the website and course schedule. **No late homework will be accepted.** I will drop the lowest score when computing your overall grade for the problem sets.

FREDcast + Monthly News Summaries

Our class will compete in a FREDcast league, an economic forecasting game developed by the Federal Reserve Bank of St. Louis, throughout the semester. You are expected to submit forecasts each month for 4 main economic indicators: GDP, year-over-year CPI inflation, the unemployment rate, and payroll employment. All of the forecasts are for the current month (or, for GDP, current quarter). Players must enter their forecasts online or on their iPhones (sorry, no Android app currently exists) **by the 20th of each month. Late submissions will *not* be accepted by the system.**

You will need to submit a two-to-three paragraph explanation of how you chose your forecasts and why they are improving or deteriorating from the previous month. With your explanation, you must include the link to at least one news article related to your analysis. I will discuss the details more in class and instructions are posted on Blackboard. Submission of your monthly forecasts and summaries will make up 15% of your overall course grade. I will award one point extra credit on an exam to the student at the top of the leaderboard each month. I will explain the extra credit possibilities further in class. Join FREDcast at: <https://research.stlouisfed.org/useraccount/fredcast/>

Exams

Midterms: The midterm exams will be held in class on **Wednesday, February 14 and Wednesday, April 4**. The exams will cover the material presented in class, readings scheduled outside of class, and the homework assignments. The exams will consist of multiple-choice questions, mathematical problems, and short-answer problems. Each exam will be worth 20% of your overall grade.

Final: The final exam will be held on **Wednesday, May 9th** from **1:30 – 3:30pm**. It will be a cumulative assessment of the material learned throughout the semester. The final exam will be of a similar format to the midterms.

Missed Exams: There will be no make-up midterm exam. You are forewarned well in advance to properly schedule your time and make proper arrangements for other potential conflicts. If you must miss one of the midterm exams, for example due to illness, you may be allowed to transfer the missed credit to the final exam – therefore the final exam will count for 45% of your grade. You must present your explanation for any absences in writing to me in advance if the reason for the absence could be foreseen, or as soon as possible thereafter if the reason for the absence could not be foreseen. It is up to my discretion whether or not to accept your absence note. *If you have prior commitments for the date of the final exam that preclude you from being present, you should not be enrolled in this class.*

Please check your final exam schedule early for any conflicts. The Registrar establishes the official final exam schedule. According to their policy, if you have more than two final exams in one **calendar** day, you may be able to reschedule one of the exams. If this is an issue, **please contact me ASAP.**

Class Participation

I expect all students to actively participate during lectures and class discussions. We will regularly discuss economic research, news articles and current events. I will also assign extra readings outside of the textbook to provide more accessible applications of the concepts being covering in class. You should familiarize yourself with the material before class so that you can contribute to the discussion. This will help to enhance your understanding of the material and improve your critical thinking skills regarding monetary economic theory and application. Furthermore, this will make the class more engaging and interesting for all. I will make note of exceptional class participation after each class meeting.

Also, we will work through in-class exercises during most class meetings. I expect you to attempt to work through these exercises and share your thoughts with the class. I will post solutions to the in-class exercises on Blackboard and these will be helpful when preparing for exams.

Please feel free to meet with me throughout the semester to evaluate your status regarding this component of the course grade.

Student Responsibilities

Academic Integrity:

This class will be conducted in full accordance with Bentley's policies about academic integrity and the Bentley Honor Code. These can be found in the Student Handbook: <http://www.bentley.edu/offices/academic-services/policies-and-procedures#Academic%20Integrity>. The best way to avoid a problem is to consult with your instructor before taking any action that might constitute a violation.

Learning is a privilege that demands responsibility. At Bentley, students and faculty are members of an academic community that supports integrity both inside and outside the classroom. The expectation at Bentley is that students will take advantage of the opportunity for intellectual development and, in doing so, will conduct themselves in a manner consistent with the standards of academic integrity. When these standards are violated or compromised, individuals and the entire Bentley community suffer. Students who engage in acts of academic dishonesty not only face university censure but also may harm their future educational and employment opportunities. In other words, don't bring unauthorized materials into exams, don't plagiarize someone else's work, and make sure that your collaborations are conducted in accordance with university and course policy.

Exams: In-class exams must be completed individually without the help of prohibited materials. These resources are not to be used under any circumstances: cell phones, programmable calculators, computers and/or iPads/tablets, textbooks, or notes. Cheating will not be tolerated.

Individual and Group Writing Assignments: Under no condition is plagiarism excusable. Any idea or language that did not originate with you must include a citation. For help in avoiding plagiarism, please visit: www.plagiarism.org or <https://owl.english.purdue.edu/owl/section/3/33/>. For this class, either the MLA and APA style of citation is acceptable. The Bentley library webpage also provides very helpful guidance on citing sources (<http://libguides.bentley.edu/citingsources>).

The work in the Monthly New Summaries must be original. You may not collaborate with anyone but you are welcome to seek guidance from the instructor of this course.

Tutoring: Students are allowed to have private tutors or lab assistants help them understand the material, however it is always recommended that the student seek help from the instructor for better understanding of course material. It is

expected that the student will notify the instructor if s/he is frequently using a tutor or lab assistant. Tutors or lab assistants may NOT complete assignments on behalf of the student.

Information for Students Who Require Special Accommodations:

Bentley University abides by Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990 which stipulate no student shall be denied the benefits of an education solely by reason of a disability. If you have a hidden or visible disability which may require classroom accommodations, please call the Office of Disability Services within the first 4 weeks of the semester to schedule an appointment. **The Office of Disability Services** is located in the **Office of Academic Services (JEN 336, 781.891.2004)**. The Office of Disability Services is responsible for managing accommodations and services for all students with disabilities.

If you are registered with Disability Services, please get in touch with me as early as possible so that we can review your accommodation plan.

Student Conduct:

While I do not take attendance, I do expect you to come to class and participate. Our class meetings will be the best way to learn and understand the material. I will frequently ask students to share their answers and ideas with the class and I encourage you to at least try and answer to the best of your ability. I don't care if you always get the right answers but I want you to be able to think and apply the concepts we are covering in class. Do not hesitate to come meet with me if there are topics with which you are struggling and need additional review.

I will not respond to questions regarding grades via email. If you have any questions or concerns about your grades, you must meet with me in person. I will post all assignment and exam grades on Blackboard. The University Grading Scale applies in this course.

Snow-Cancellation Make-Up Policy:

Hopefully we do not have to work with cancellations due to inclement weather. However, if necessary, we will abide by the official university closing policy. As a first option, should a make-up class be necessary, we will utilize the allotted make-up day chosen by the Registrar. As an alternative, I may assign extra exercises or a seminar on campus to attend and summarize. We will address these issues at the appropriate time should the weather present a problem.

Useful Information

Economics/Finance/Statistics Learning Center:

"Economics students have access to the Economics, Finance and Statistics Learning Center for help with course material and to expand their study of economics. The center is staffed by top economics students, who are eager to help you understand relevant topics or simply discuss economics topics of interest."

Location: AAC 122. Hours are found at the URL: <http://www.bentley.edu/academics/departments/economics/eco-fi-stat-learning-center>

Writing Center:

The Writing Center offers one-on-one tutoring to students of all years and skill levels. Located on the lower level of the Bentley library (room 023), the Writing Center provides a welcoming and supportive environment in which students can work on writing from any class or discipline. Writers are encouraged to visit at all stages of the writing process; they can come with a draft, an outline, or just some initial thoughts and questions.

Staffed by highly skilled student tutors, the Writing Center is open six days a week. Drop-ins are welcome, but appointments are encouraged and can be made online at bentley.mywconline.net or by phone at 781.891.3173. For hours and additional information, visit our website at bentley.edu/writing-center.

ESOL Center:

“The ESOL Center offers writing and English language support to students who are English Speakers of Other Languages (ESOL). Our faculty tutors specialize in working with multilingual writers and can provide feedback and strategies on writing for all your course and career-related writing. You're welcome to come in for help at any stage of the writing process, from the brainstorming and organizing point through the final drafting stage. In addition, you can receive support related to source documentation, Power Point slide reviews, oral presentation practice, and pronunciation along with conversation fluency and enrichment.

The ESOL Center is located on the lower level of the Bentley Library, room 026. Day and evening appointments can be scheduled through <https://bentleyesol.mywconline.net> or by dropping by the ESOL Center to see if a faculty tutor is available. Because of the high demand for appointments, however, we encourage scheduling a time in advance whenever possible.”

Tentative Course Outline:**

Date	Day	Major Topics Covered	Readings
1/17/2017	W	Course Logistics/What is Macro?	
1/22/2017	M	The Data of Macro	Chapters 10, 11
1/24/2017	W		"PMI and GDP: Do They Correlate for the United States? For China?"
1/29/2017	M	Production and Growth	Chapter 12
1/31/2017	W		"Why are Some Countries Rich and Others Poor?"
2/5/2017	M	Saving and Investment	Chapters 13, 18.1
2/7/2017	W		"Private Investment and the Great Recession" News Analysis: "Financial Freeze Brings Below-Zero T-Bill Yields"
2/12/2017	M	Review	
2/14/2017	W	MIDTERM 1	
2/19/2017	M	Unemployment	Chapter 15
2/21/2017	W		"The Natural Rate of Unemployment over the Past 100 Years" News Analysis: "The Monthly Employment Situation"
2/26/2017	M	The Monetary System	Chapter 16
2/28/2017	W		"Then and Now: Fed Policy Actions During the Great Depression and the Great Recession" News Analysis: "The Federal Reserve System and Interest Rates"
3/5/2017	M	NO CLASS – Spring Break	
3/7/2017	W		
3/12/2017	M	Money Growth and Inflation	Chapter 17
3/14/2017	W		"The Heterogeneous Impacts of Rising Inflation"
3/19/2017	M	Aggregate Demand and Aggregate Supply	Chapter 20
3/21/2017	W		"Are Oil Price Declines Good for the Economy" News Analysis: "Not Feeling the (Debt) Ceiling...Yet"
3/26/2017	M		
3/28/2017	W		
4/2/2017	M	Review	
4/4/2017	W	MIDTERM 2	
4/9/2017	M	The Influence of Monetary and Fiscal Policy	Chapter 21
4/11/2017	W		
4/16/2017	M	NO CLASS – Patriot's Day	
4/17/2017	T	Short-Run Tradeoff Between Inflation and Unemployment	Chapter 22
4/18/2017	W		"The Phillips curve may be broken for good" News Analysis: "Nobel Recipient Edmund Phelps: Dynamiter of Conventional Wisdom"
4/23/2017	M	International Trade and Exchange Rates	Chapters 3, 9, 18.2
4/25/2017	W		"Does International Trade Create Winners and Losers?" "Is a Strong Dollar Better than a Weak Dollar" TBD - News Analysis: "Supply and Demand in the Market for Foreign Exchange"
4/30/2017	M	Review	
5/9/2017	W	FINAL EXAM: 1:30-3:30pm	

****Disclaimer:** Although I intend to follow this outline as closely as possible, there may be times when deviations from the material presented herein are necessary.