

Principles of Macroeconomics

Economics 222

August 14, 2016

Fall Semester 2016

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LEARNING OBJECTIVES

The purpose of this course is to give the student a solid background in the principles of macroeconomics. This includes a knowledge of basic economic reasoning, the benefits of exchange, ways to measure economic activity in the nation, and the elements of the theory of the determination of interest, the price level, and employment. At the end of the course, the attentive student will be able to approach economic questions logically. Also, she will have a good understanding of the workings of the modern national economy.

The learning objectives are the following:

- Students will be able to explain the fundamental concepts of economics (scarcity, opportunity cost, positive statements, normative statements, production possibilities frontier, circular flow, economic resources/factors of production, markets, product markets, factor markets)
- Students will be able to use the mechanics of supply, demand, and the price mechanism to:

- describe how the market resolves situations of excess demand (shortage) or excess supply (surplus)
- illustrate the difference between movements along the demand/supply curves and shifts of the demand/supply curves
- analyze the effects of shocks on market equilibrium
- Students will be able to calculate and apply the concepts of the Gross Domestic Product (GDP), the Consumer Price Index (CPI), GDP Deflator, inflation rates, unemployment rates, labor force participation rates, nominal versus real variables
- Students will be able to explain the causes and consequences of :
 - business cycles
 - economic growth
 - unemployment (natural, cyclical, structural, frictional)
 - shocks to the aggregate economy using Aggregate Demand and Aggregate Supply
- Students will be able to analyze the impact of fiscal and monetary policies on markets and the economy; they will be able to describe the effects of taxes, spending, money supply, and interest rates.

TEXT

There is one textbook, *Brief Principles of Macroeconomics* (7th Edition) by N. Greg Mankiw. Homework will be given regularly via the *Aplia* online platform that is tied to the book. There are various purchase options, but you must buy *Aplia* since the homework will count 20% of the grade. This will likely involve buying a code to allow you to access the online book and homework.

APPROACH

The class will be a series of lectures with graded quiz questions answered during class with the *iClicker* system.

The student must have his or her own iClicker.

The student should read in advance in order to better understand the issues and be prepared for discussion. Homework is necessary for a full understanding of the theory and principles that we will discuss. *Aplia* must be purchased immediately.

CLASS BEHAVIOR

Learning in the classroom is a social activity. Some behaviors can be distracting and degrade the ability of others to learn and the professor to teach. Chief among these is the use of laptops, tablets, and mobile phones.

As a result, *please do not use electronic devices of any kind during class unless you are instructed to do so. Laptops must be closed before the lecture begins.* I realize that some students prefer to use laptops to take notes, but there is no exception for that activity. There is ample evidence that use of laptops in university classes diminishes performance. Check out this link: [WaPo](#). Or this one: [PsycheToday](#). Or this one: [Time](#). Finally, here is a list (also on my website) of other work on this subject: [ListTip](#).

Do not walk out of class. If you cannot come for the entire class, let me know in advance.

ACADEMIC INTEGRITY

All assigned work is expected to represent only the effort of the student (or group) submitting the work. Students are expected to follow the University of South Carolina Honor Code, and the Moore School Code of Conduct (both appear at the end of this syllabus). Anyone suspected of violations of the Code will be referred to the University Office of Academic Integrity to decide whether an infraction took place. Penalties will include a 0 on the assignments in question but may be more severe.

REQUIREMENTS AND WEIGHTS

The grade will be decided by the following formula:

- Quizzes (daily and extra): 15%
- *Aplia* Homework (regularly): 20%
- Midterm 1: 20%,
- Midterm 2: 20%,
- Final Exam (cumulative): 25%.

QUIZZES AND HOMEWORK

There will be a quiz at the end of each class. The quiz will be on the material covered in the lecture of that day. *You will be assigned a quiz group to work out the answers together, but will be graded individually.* If you arrive late to class, your quiz grade is zero for the day. I will drop the lowest 5 daily quizz grades.

Homework assignments are due weekly, approximately. You will be given the schedule in advance. It is up to you make sure you submit the homework by the deadline. Each assignment must be completed before 5:00 PM on the designated day. I will drop the lowest 2 Aplia homework grades.

Together, quizzes and homework constitute 35% of the grade. This is a large amount.

EMAIL AND OFFICE HOURS

I cannot answer all the email I receive from students. Please do not take it personally if you do not get a reply: the large volume makes it impossible to respond to everyone. I will have office hours on Tuesday and Thursday after class, from 2:45 to 4:15. It is usually much easier to answer questions and resolve issues in person and not over email.

STUDENT TRACKING

In order to ensure that each student gets off to a good start this semester, the Economics Department will be tracking the performance of each student during the first four weeks of the semester. During this time, we will monitor your attendance and your performance on quizzes. At the end of the second week and the fourth week of the semester, students who have an attendance rate of less than 75% or a quiz average of less than 70% will be referred to the Student Success Center (SSC). The SSC attempts to contact all referred students via phone and email. Students referred to the SSC should schedule a Success Consultation in order to discuss various resources and strategies that will help you to succeed in the course. While a referral will not, by itself, affect your standing in the class, it will give you a clear signal that you are not performing up to the standards of the course. We strongly recommend that you take advantage of the resources that the SSC offers.

EXTRA CREDIT

There is no extra credit.

GRADE SCALE

The grade scale is as follows:

A: 90 and above

B+: 85 – 89.99

B: 80 – 84.99

C+: 75 – 79.99

C: 70 – 74.99

D+: 65 – 69.99

D: 60 – 64.99

F: 0 – 59.99

SCHEDULE BY WEEK:

WEEK 1: AUGUST 15 - 21, 2016

- Introduction; Ten principles of economics
- Mankiw, Chapter 1

WEEK 2: AUGUST 22 - 28, 2016 (DROP DAY WEDNESDAY, AUG 24)

- Thinking like an economist; gains from trade
- Mankiw Chapters 2 and 3
- *Aplia*
 - How to do Aplia Homework (**practice**: due August 23)
 - Ten Principles (**practice**: due August 25)
 - Thinking like an Economist (**practice**: due August 25)

WEEK 3: AUGUST 29 - SEPTEMBER 4, 2016

- Gains from trade
- QUIZ (Tuesday, Aug. 30): last 30 minutes of class
- Mankiw Chapter 3
- *Aplia*
 - (1) Graphing Math Homework (due Aug. 31)

WEEK 4: SEPTEMBER 5 - 11, 2016

- Supply and Demand
- Mankiw Chapter 4
- *Aplia*
 - (2) Gains from Trade (due Sept. 7)

WEEK 5: SEPTEMBER 12 - 18, 2016

- National Product and Income
- Mankiw Chapter 5
- *Aplia*
 - (3) Markets (due Sept. 14)

WEEK 6: SEPTEMBER 19 - 25, 2016

- The Cost of Living: Price Indices and Inflation
- Mankiw Chapter 6
- *Aplia*
 - (4) GDP (due Sept. 21)

WEEK 7: SEPTEMBER 26 - OCTOBER 2, 2016 (MIDTERM EXAM 1)

- Production and Growth
- Mankiw Chapter 7
- MIDTERM EXAM 1: September 29 (full class)
- *Aplia*
 - (5) Cost of living (due Sept. 28)

WEEK 8: OCTOBER 3 - 9, 2016

- Saving, Investment
- Mankiw Chapter 8
- *Aplia*
 - (6) Growth and Production (due Oct. 5)

WEEK 9: OCTOBER 10 - 16, 2016 (ONE CLASS; FALL BREAK; DROP DAY; OCT 10)

- Unemployment
- Mankiw Chapter 10
- *Aplia*
 - (7) Saving/Investment (due Oct. 11)

WEEK 10: OCTOBER 17 - 23, 2016

- The Monetary System
- Mankiw Chapter 11

WEEK 11: OCTOBER 24 - 30, 2016 (ONE CLASS: MIDTERM EXAM 2)

- Money and Inflation
- Mankiw Chapter 12
- MIDTERM EXAM 2: October 27 (full class)
- *Aplia*
 - (8) Unemployment (due Oct. 25)

WEEK 12: OCTOBER 31 - NOVEMBER 6, 2016 (ONE CLASS; ELECTION DAY, NOVEMBER 8)

- The Open Economy
- Mankiw Chapter 13
- *Aplia*
 - (9) Monetary System (due Nov. 2)

WEEK 13: NOVEMBER 7 - 13, 2016

- Aggregate Demand and Supply
- Mankiw Chapter 15
- *Aplia*
 - (10) Inflation (due Nov. 9)

WEEK 14: NOVEMBER 14 - 20, 2016 (ONE CLASS; THANKSGIVING)

- Monetary and Fiscal Policy
- Mankiw Chapter 16
- *Aplia*
 - (11) Open Economy (due Nov. 16)

WEEK 15: NOVEMBER 21 - 27, 2016 (LAST CLASS IS DEC. 1)

- Unemployment and Inflation
- Mankiw Chapter 17
- *Aplia*
 - (12) Aggregate Demand and Supply (due Nov. 22)

WEEK 16: NOVEMBER 28 - DECEMBER 4, 2016 (LAST CLASS IS DEC. 1)

- Unemployment and Inflation
- Mankiw Chapter 17
- Review Session: TBA
- *Aplia*
 - Aggregate Policy (due Nov. 29) (**practice**)
 - Inflation/Unemployment (due Nov. 30) (**practice**)

FINAL EXAM

APPENDIX: HONOR CODE AND DMSB CODE OF CONDUCT

UNIVERSITY OF SOUTH CAROLINA HONOR CODE:

“It is the responsibility of every student at the University of South Carolina Columbia to adhere steadfastly to truthfulness and to avoid dishonesty, fraud, or deceit of any type in connection with any academic program. Any student who violates this Honor Code or who knowingly assists another to violate this Honor Code shall be subject to discipline.”

The Honor Code is intended to prohibit all forms of academic dishonesty and should be interpreted broadly to carry out that purpose. The following Honor Pledge applies to all assignments, examinations, or other course work undertaken by undergraduate students and is implied, whether or not it is stated explicitly:

‘On my honor, as a student, I have neither given nor received unauthorized aid on this academic work’ Cheating will not be tolerated and will be prosecuted at the highest level based on university policy which may result in a grade of XF (the F would indicate failure of the course with the X on the transcript indicating failure as a result of a breach of academic honesty), or suspension from the University for a period of no less than one semester.

Please refer to <http://www.sc.edu/academicintegrity/honorcode.html> for information on the Honor Code.

Note: Using cell-phones or any other electronic communication devices during exams and quizzes is NOT allowed. Students are prohibited from having such devices on their work stations during exams and quizzes. Any deviation from this rule shall result in a *failing grade* for the exam/quiz.

The following examples illustrate conduct that violates this Honor Code, but this list is not intended to be an exhaustive compilation of conduct prohibited by the Honor Code:

1. Giving or receiving unauthorized assistance, or attempting to give or receive such assistance, in connection with the performance of any academic work.
2. Unauthorized use of materials or information of any type or the unauthorized use of any electronic or mechanical device in connection with the completion of any academic work.
3. Access to the contents of any test or examination or the purchase, sale, or theft of any test or examination prior to its administration.
4. Use of another person’s work or ideas without proper acknowledgment of source.
5. Intentional misrepresentation by word or action of any situation of fact, or intentional omission of material fact, so as to mislead any person in connection with any academic work (including, without limitation, the scheduling, completion, performance, or submission of any such work).
6. Offering or giving any favor or thing of value for the purpose of influencing improperly a grade or other evaluation of a student in an academic program.
7. Conduct intended to interfere with an instructor’s ability to evaluate accurately a student’s competency or performance in an academic program.

Whenever a student is uncertain as to whether conduct would violate this Honor Code, it is the responsibility of the student to seek clarification from the appropriate faculty member or instructor of record prior to engaging in such conduct. **As a Professor, I have the responsibility of reporting a violation of the honor code.** More specifically, if my TA or I think that a student has violated the Honor Code, I should report the alleged violation to the office of academic integrity.

DARLA MOORE SCHOOL OF BUSINESS CODE OF STUDENT CONDUCT FOR UNDERGRADUATE STUDENTS

The Darla Moore School of Business is recognized globally for educating students who are prepared to become responsible business and civic leaders. An effective learning environment where students and faculty value integrity, professionalism and diligence is foundational to this mission.

Consistent with these values, the Student Leadership Council and the faculty of the Darla Moore School of Business expect students to:

- spend a minimum of two hours outside of class studying for each hour of classroom time;
- exhibit classroom behavior that is respectful to faculty and fellow students;
- refrain from the use of phones and other electronic equipment during class, unless permitted by the instructor;
- arrive at class on time, actively participate in class, and not leave class early;
- keep up with assigned readings and complete assignments on time;
- contribute fully to team assignments;
- respect the university's staff and be responsible stewards of its facilities; and
- abide by the University of South Carolina Honor Code

Approved by the Undergraduate Student Leadership Council and the

Faculty of the Darla Moore School of Business

By enrolling in this class, you are bound by the Honor Code and Code of Conduct