University of San Diego

School of Business Administration

Principles of Macroeconomics (ECON 102-04 and -05)

Professor: Stephen J. Conroy, Ph.D.

Spring 2012

USD’s School of Business Administration Mission Statement: To develop socially responsible business leaders with a global outlook through academically rigorous, relevant, and values-based education and research.

Lecture:

- Time:
  
  Section 04: M, W, F: 10:10 – 11:05 A.M.

  Section 05: M, W, F: 11:15 – 12:10 P.M.

- Location: OH 125

Office:

- Hours: Tues: 10:30 – 12:00, 2:00 – 3:00; Wed: 4:00 – 5:00 Thurs: 2:00 – 3:30; and upon request
- Location: OH 314

Telephone: (619) 260-7883

Email: sconroy@sandiego.edu

Web Page: http://www.sandiego.edu/~sconroy

Blackboard/WebCT: http://pope.sandiego.edu/webct/entryPageIns.dowebct

*Last Revised: May 7, 2012. Please be sure to check Blackboard/WebCT site for the most current syllabus.

Course Materials:

Required:

- Conroy, Stephen J. *Lecture Handouts Packet for ECON 102, 17th Edition* (available at the USD Book Store) Sold in two packets—Section 1 and Section 2 (later in the semester).
Course Description

This is an introductory course in macroeconomics. Taken from "macro" meaning "large," macroeconomics is the study of the allocation of our scarce resources at national or regional level. Fundamentally, this course is about learning (a) key historical facts about the US economy, (b) some basic tools used by macroeconomists and (c) basic analytical models that macroeconomists use in order to analyze the current state of the economy and make forecasts about its future direction.

Course Objectives

The principal aim of this course is to acquire a strong introductory knowledge of macroeconomic terminology, models (e.g., aggregate demand and supply) and facts that may be applied in everyday life as a consumer, producer/seller of goods, investor and business manager. Thus, the ultimate objective will be to learn the tools and analytical models in order to apply them to real world situations. Upon completion of this course, students should be able to:

- read and understand articles about the macroeconomy, including issues related to output, inflation, employment, money, growth, fiscal and monetary policy and international currency markets in the popular press such as the "Business" section of the local paper, Business Week, the Economist, the Wall Street Journal, etc.
- describe the nature of economics in dealing with the issue of scarcity
- explain the impact of international trade and factors affecting the free-flow of goods and services on living standards
- perform supply and demand analysis to analyze the impact of economic events on markets
- describe the role of growth, inflation and unemployment rates in assessing the current state of a macroeconomy
- describe the causes of changes in consumption, investment, government spending and net exports
- explain the causes of short-run fluctuations in economic output
- describe the causes of long-run economic growth
- assess the effects of imbalances in government budgets
- describe the role of fiscal and monetary policy instruments in influencing economic outcomes
- explain the role of money in the economy and the critical role of banks and the central banking system in affecting its supply
- describe the causes of short-term fluctuations in currency valuations and predict their impact on international trade flows

Learning Methods and Measurement of Learning

The topics in the Course Calendar section will be addressed at length throughout the course using a myriad of teaching devices. Among these are the following:

1. **Reading the textbook:** While my lectures are quite comprehensive, time constraints do not allow us to go into all of the detail necessary for this course. Therefore, reading the textbook is an excellent preparation and learning tool. There will be times when my lecture material deviates somewhat from the textbook (e.g., definitions, the way in which subjects are covered, sequencing, etc.). If you are in doubt, follow my notes!)
2. **Class Lecture:** You are expected to attend each class. Just as reading the textbook will help you to learn the material directly from the authors, attending class provides an opportunity for you to gain a different perspective--both from the instructor and your fellow classmates. In addition, valuable
information about homework assignments, quizzes, exams, and updates to the syllabus will be announced in class. (See section below on Classroom Conduct Expectations.)

3. **Problem Sets (Homework Assignments):** Economic theory is a subject that develops logically; hence good learning requires continuous work and frequent practice at applying theory. My experience as an economics student (!) has taught me that problem sets are the best way to solidify concepts.
   - **Grading Problem Sets:** Problem Sets are graded on the basis of "effort" not on "correctness." If you attempt and do a reasonable job on 3/4 of assigned problems you will receive a "check-plus" which corresponds to a grade of 100%. If you attempt and do a reasonable job on over 1/2 of assigned problems you will receive a "check," corresponding to an 80%. If you attempt and do a reasonable job on less than 1/2 of the assigned problems you receive a "check-minus," corresponding to a 70%. If you do not turn in anything you get a "0" for that assignment. I encourage you to work together on your problem sets. By this I mean collaborating together to solve problems, not simply copying down answers from someone else.
   - **Headings for Problem Sets:** All problem sets should contain the following heading neatly inscribed at the top: "Problem Set #___; Name:_________; Date Due:______; Officially Enrolled in Section: _____(e.g., Section XXXX, T, Th)" Papers that do not have this complete heading will receive a 5 point deduction before the first Midterm; 10 point deductions per assignment after that. (To assist you, most problem sets available on my web site already have this heading embedded in them.)
   - **Late Problem Sets:** I will not accept late problem sets for credit. Since there are many good reasons that you may not be able to attend a class during the semester—e.g., you are on a university-sanctioned event, you are ill, etc.—there are three things you may do: (a) [this applies to the vast majority of university-sanctioned, excused absences] if you know ahead of time when you will be gone, you may turn in problem sets in advance (e.g., before leaving for a tennis tournament in which you are a player), (b) you may give your problem set to a classmate to turn in or—as a last resort—email me the assignment as an attachment (see Email etiquette below), or (c) simply do nothing and drop that assignment. [At the end of the semester, I will drop your two lowest scores in the quiz/problem set category.]
   - **Staplers:** You (not I) are responsible for turning in problem sets that are neat and orderly. This means that you should pack a small, inexpensive stapler in your backpack and bring it with you in case you need to staple your problem sets together—or plan ahead and staple the assignment together before bringing it to class. In any case, please do not ask me for a stapler. I promise that I will come to class prepared to fulfill my responsibilities (namely, to teach!). In the same way, I expect you to come prepared to fulfill yours. I know from my experience in the "real world" that neatness usually counts, so turning in neat assignments that are properly headed, stapled, etc. is excellent preparation for the next level, while showing consideration for my graduate assistant's and my time!

4. **Quizzes:** Good quizzes make excellent study guides for exams and an opportunity to demonstrate your command of the material. These will be listed in the syllabus and/or announced in class ahead of time. In order to promote learning from your fellow students, all quizzes are closed book, closed notes, open mouth . . . that is, you will work on quizzes in small group clusters.
   - **Note:** As with problem sets, there are no make-up quizzes. Since many of you will have good reasons for having to miss at least one of these classes, at end of the semester, I will drop your two lowest scores in the quiz/problem set category.

5. **Written Assignments:** Expressing your ideas in written form is an important part of your higher educational experience. Thus, there will be writing assignments or “essays” throughout the semester that expand your knowledge and understanding of the textbook material. See the Writing Assignment “Instructions” in WebCT for a complete discussion of expectations, grading, etc.

6. **Exams:** Good exams are excellent measures and sources (!) of learning. While not the sole determinant of your grade, they are weighted heavily to reflect their importance.
7. **The Internet:** The course’s Blackboard/WebCT/CE6 (“WebCT”) site and my “public” web site are very important entrees into the cyber world of economics in general and this class in particular. They will guide you to a host of very informative web locations including those provided as supplements to your textbook. In addition, the syllabus/class calendar—including exam dates—will be updated periodically online so be sure to check the course’s WebCT site (especially the "announcements" section) and syllabus on at least a weekly basis. (Save these as bookmarks!) For assistance on how to use WebCT, go to [http://www.sandiego.edu/its/idt/ce/student.php](http://www.sandiego.edu/its/idt/ce/student.php).

### Special Technology Utilized by Students

- **Computers:** There is a moderate amount of computer technology that is required in this class. In particular, students must be able to access the WebCT platform and, to a lesser extent, my web site, on a regular basis in order to access the problem sets, Lecture Handouts Packet, course syllabus, previous semester's exams, etc. and to read class announcements.

- **Calculators:** Hand-held calculators are permitted during quizzes and exams with the following stipulation: calculators **may not be of the "programmable"** (e.g. Hewlett Packard "big-screen") type—**even if you do not know how to program them**. Simple hand-held calculators which perform basic operations such as addition/subtraction, multiplication/division, and even contain temporary memory storage will suffice and can be purchased for less than $5 at local office supply stores! In short, any non-programmable calculator is acceptable. **If you arrive to a quiz or exam without your calculator or with a "programmable" calculator, you will not be able to use any calculator on the quiz or exam.** Make your plans NOW to avoid being caught in this situation.

### Prerequisites

ECON 101 (Principles of Microeconomics) is a prerequisite for this course. In addition, basic reading, analytical and mathematical (including high school algebra) skills are essential! My previous experience from teaching this course is that basic mathematical skills are very important, so if you are in doubt about your abilities, please contact me to discuss this as soon as possible. I have also set up some good links to math tutorial sites within the WebCT site.

### Dropping and Adding

THE INSTRUCTOR IS NOT RESPONSIBLE FOR DROPPING ENROLLED STUDENTS. Students are obligated to officially withdraw even though they have not attended classes. Students who fail to officially withdraw are subject to a failing grade in the course. For more information, please consult the USD Undergraduate Bulletin. Also, note in advance on your calendar when the key dates are for dropping and withdrawing from this class in case you need to exercise these options.

### Expectations for Academic Conduct/Plagiarism Policy

I expect all students enrolled in this course to accept the responsibility of reading, understanding, and meeting all course requirements and policies as set forth in this syllabus and other accompanying documents. You are expected to inform me immediately of any personal circumstances that may require special consideration in meeting course requirements or adhering to course policies. I expect all students to abide by the University's Student Code of Rights and Responsibilities as published on the USD web site, available at [http://www.sandiego.edu/conduct/the_code/](http://www.sandiego.edu/conduct/the_code/). Failure to do so will result in disciplinary
actions as specified in the Code. When there are violations, students will often say they did not know this was a violation. If you are at all in doubt, check with your instructor first.

**Special Assistance**

Students with special needs who require specific examination-related or other course-related accommodations should contact Disability Services at 619-260-4655. This office will provide the student with a letter for the instructor that will specify any recommended accommodations. The university also offers student counseling services, available at the Counseling Center at 619-260-4655.

**Expectations for Classroom Conduct (Participation)**

Participation in class is very important. To emphasize the importance of this, a portion of your grade (see below) is based on "class participation." There are three ways in which to fulfill expectations in this area:

1. **Participate Actively**
   - To be "actively" participating in lectures, one must—at a minimum—be **physically present**, pay attention to the discussion, and respond constructively to questions, etc. Students who fulfill this objective and attend a vast majority of classes (i.e., **miss no more than two classes**), will be eligible for an **80 percent** in the “Class Participation” category.
   - In order to receive **above** a 80 percent, one must **initiate discussion**, i.e., volunteer answers to questions posed by the instructor, raise interesting points or questions related to the topic, and **avoid dominating** class discussions (i.e., trying to monopolize the conversation with the instructor, responding without raising one’s hand to a large number of questions, etc.). It should be clear during class discussion that you have read the assigned material—e.g., in discussing the assigned readings for the written assignments.
   - While it may seem “childish,” there are at least two good reasons for **raising your hand** before being called on in class. It shows respect for (a) other students in the class (including those who may not be as vociferous or assertive), and (b) your instructor (who is charged with keeping the lecture "on track" and "on topic").

2. **Make Constructive Comments**

Constructive comments are those that are:

- **relevant or germane to the discussion.** In economic terms, making an unsolicited comment or question imposes a cost (in terms of scarce lecture time) on those around you . . . so make sure that there is a corresponding benefit (in terms of relevance)! In short, if your unsolicited comment/question is one that does not potentially affect or pertain to the rest of the class, please refrain from making/asking it during class. Your instructor is more than happy to answer questions after class and during office hours.
- **respectful of others’ (including their instructor's!) points of view**—especially if they are contrary to his/her own!

3. **Minimize Disruptions**
• Please turn off all hand-held electronic devices before class since this creates an annoying disturbance to your fellow students and instructor. Just as getting up in the middle of class and shouting loudly would be annoying, so too is the annoyance created by a noisy cell phone. [For obvious reasons, talking on or receiving messages from a communication device of any kind is strictly prohibited during quizzes and exams.]

• Walking into and out of the classroom during lecture is very distracting—please make sure to take all restroom breaks, etc. before class and to arrive on time in order to minimize disruptions.

• Exercise common courtesy when talking with your neighbor to minimize distractions and provide a good listening environment. As a general rule, if someone else can hear the noise, it is too loud. If your instructor can hear the noise, it is definitely too loud!

**Email**

It is important for me to be able to contact individual students by email. For example, I may need to cancel class or office hours due to an unexpected event. Similarly, each time I make an announcement in Blackboard/WebCT, I will send an email to the class to alert you of this new information. Anytime I send an email, it will be through the Blackboard/WebCT server. **In order to receive emails directly to your USD email account (i.e., for the emails I send in WebCT to be forwarded OUT of WebCT and to your regular USD email account) you will need to do the following:** When you log into WebCT, on the Home Page in the upper right, click on ‘My Settings’; then click on the tab ‘My Tool Options’. Scroll down to where you see the mail options, and select the check box under the heading ‘Mail forwarding’ where it says “Forward all mail messages to the e-mail address in my profile.” Be sure to set this up as soon as possible! [Note: Whenever I send out an email through WebCT, I always post the email first under the “Announcements” section so you can go back and read the announcements within WebCT at any time in case you can’t find the email.] It is your responsibility to make sure your account is active and working and you are checking your USD email account.

**Student-to-Instructor contact:**

A few considerations:

• Emails sent to me within Blackboard/WebCT do not include identifying information other than the sender’s email address. Thus, please identify yourself to me in all emails (e.g., “Professor Conroy, this is Jason from your ECON 102 Section 004 class . . . .”)

• You do not need to email me if you cannot attend a regular class. However, if you are going to miss more than one class, please let me know ahead of time. Since class lectures are important, I assume that if you do not attend a class or two, you have a VERY good reason for not attending. Please make sure to discuss with a classmate what occurred and try to get class notes from them. You may also contact me during office hours if you have any further questions or issues to discuss. If you will miss a class period when an exam is scheduled, then you should contact me via email or telephone to let me know so we can make other arrangements. Remember that there are no "make-up" quizzes or problem sets since you can drop your lowest two quiz or homework grades. It bears noting, however, that missing more than one or two classes will adversely affect your class participation grade.

• You do not need to reserve an appointment during office hours. I work on a first-come, first-served basis and often assist more than one student at a time.

• If possible, please do not send me homework assignments via email attachments. However, if there is no other alternative, then please do the following when sending assignments as attachments:
1. Make absolutely sure that when I open the file everything is on one page and/or spreadsheet so that I do not have to keep opening files or tabbing through spreadsheets to print out problem after problem. An "ideal" homework problem would be in Word format, with tables/graphs cut and pasted into the Word document.

2. **Make sure your name and problem set number are at the top of each page.**

3. Check the "Page Set-Up" to make sure that when I print out a spreadsheet, I will not have to print out 50 blank pages. If it is possible, use the "fit to ___ pages" option and try to get everything into one or two pages (exception being if this makes the font too small to read). Taking a few moments to format correctly is a way of showing me that you respect the value of my time. Attachments that do not follow these guidelines may be penalized, including not being accepted at all.

**Grading**

Grades are calculated at the end of the semester based on the following weighting:

1. Two midterm exams and one final examination (Midterm 1 and 2 each worth 26%, Final Exam worth 26%): 78% Total
2. Written Assignments: 6% total
3. Quizzes/Problem Sets (each assignment or quiz is normalized to 100 points): 11% Total
4. Class Participation: 5%

There may be extra credit opportunities throughout the semester. **All extra credit points will be added on to the (raw) total number of points for the Problem Sets and Quizzes.** This point total, e.g., (1200 PS and Quiz) + (40 extra credit points) = 1240 is then divided by the number of Problem Sets and Quizzes that will count towards your grade (e.g., 12). I will cap the entire amount of extra credit points at 60. (Once you have earned 60 extra credit points, I will not add any more to your grade.) Once the course grade is aggregated and weighted as above, the course letter grade is based on the total rounded aggregate score as follows:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Range</th>
</tr>
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<tbody>
<tr>
<td>A</td>
<td>94% and above</td>
</tr>
<tr>
<td>A−</td>
<td>90 – 93.99%</td>
</tr>
<tr>
<td>B+</td>
<td>87 – 89.99%</td>
</tr>
<tr>
<td>B</td>
<td>83 – 86.99%</td>
</tr>
<tr>
<td>B−</td>
<td>80 – 82.99%</td>
</tr>
<tr>
<td>C+</td>
<td>77 – 79.99%</td>
</tr>
<tr>
<td>C</td>
<td>73 – 76.99%</td>
</tr>
<tr>
<td>C−</td>
<td>70 – 72.99%</td>
</tr>
<tr>
<td>D+</td>
<td>66 – 69.99%</td>
</tr>
<tr>
<td>D</td>
<td>60 – 65.99%</td>
</tr>
<tr>
<td>F</td>
<td>Less than 60%</td>
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</table>

Note: Students are reminded that for a Bachelor of Arts and a Bachelor of Business Administration, no grade below C− is allowed for this course. Consult the most recent *Undergraduate Bulletin* for the latest and most accurate information in this regard.

**Instructor Evaluation**

You will be provided at least one opportunity during the course of the semester (usually after the first midterm exam) to provide me with input about my performance and an assessment of the course. This allows me to see how the course may be improved before the semester is over. I value your comments and take them seriously both during and after the course is completed.
<table>
<thead>
<tr>
<th>Week beginning on:</th>
<th>Assignments, Quizzes, Exams</th>
<th>Lecture Topics and Readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/23/2012</td>
<td>First Day of Class</td>
<td>Introduction to Course; Introduction to Macroeconomics;</td>
</tr>
<tr>
<td>1/30/2012</td>
<td>Mon: (PS1--Not for Credit); Wed: Turn in Forecast Form for Extra Credit; Fri: PS2 (Opp. Cost and PPF)</td>
<td>Chapter 1; Scarcity &amp; Choice, Opp. Cost, PPF, and Economic Systems--Ch. 2; International Trade and Comparative Advantage--Ch. 8</td>
</tr>
<tr>
<td>2/6/2012</td>
<td>Wed: PS3 (Intl. Trade); Fri: Group Quiz on Scarcity, Opp. Cost, PPF and International Trade</td>
<td>Supply and Demand--Ch. 3--Quick Review, Part 1</td>
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<tr>
<td>2/13/2012</td>
<td>Fri: PS4 (Supply &amp; Demand)</td>
<td>Supply and Demand--Ch. 3--Quick Review, Part 2; Currency Markets, Ch. 30; Measuring Production--Ch. 19; Inflation--Ch. 20 (pp. 654-665)</td>
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<tr>
<td>2/20/2012</td>
<td>Fri: PS5 (GDP and Inflation)</td>
<td>Inflation--Ch. 20 (pp. 654-665); Labor and Unemployment--Ch. 20 (pp. 639-654)</td>
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<tr>
<td>2/27/2012</td>
<td>Wed: Midterm 1</td>
<td>Go over Midterm 1;</td>
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<tr>
<td>3/5/2012</td>
<td>Spring Break</td>
<td>Spring Break</td>
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<tr>
<td>3/12/2012</td>
<td>Wed: PS6 (Labor and Employment); Fri: Discussion of Crisis Economics</td>
<td>Labor and Unemployment--Ch. 20 (pp. 639-654); L - R Economic Growth--Ch. 22</td>
</tr>
<tr>
<td>3/19/2012</td>
<td>Mon: PS7 (Long-Run Econ Growth); Mon: Discussion of Crisis Economics;</td>
<td>L - R Economic Growth--Ch. 22; Consumption--Ch. 23</td>
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<td>3/26/2012</td>
<td>Mon: PS8 (Consumption); Fri: G. Quiz on TS &amp; Consumption</td>
<td>Investment Function, Net Exports, Government Purchases--Ch. 23; Determination of Equilibrium of TS and RGDP--Ch. 23 (Appendix)</td>
</tr>
<tr>
<td>4/2/2012</td>
<td>Mon: Written Assignment #1: Crisis Economics; Friday No Class (Easter Break)</td>
<td>The Multiplier--Ch. 23; Aggregate Demand Curve--Ch. 24 (up to p. 794);</td>
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<tr>
<td>Date</td>
<td>Event</td>
<td>Notes</td>
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<tr>
<td>4/9/2012</td>
<td><strong>Monday No Class (Easter Break): Fri:</strong> PS9 (T. Spending, Equil., Mult.); <strong>Fri:</strong> G. Quiz on TS &amp; AD;</td>
<td>Aggregate Demand Curve--Ch. 24 (up to p. 794); Aggregate Supply Curve--Ch. 24 (after p. 794)</td>
</tr>
<tr>
<td>4/16/2012</td>
<td><strong>Wed: Midterm 2</strong></td>
<td>Aggregate Supply Curve--Ch. 24 (after p. 794); After Midterm 2: Equilibrium Determination of AD &amp; AS--Ch. 24 (after p. 800)</td>
</tr>
<tr>
<td>4/23/2012</td>
<td><strong>Wed: PS10 (AD &amp; AS); Fri: G. Quiz on Fiscal Policy/Supply Side and Govt Budgets;</strong></td>
<td>Fiscal Policy--Ch. 27 (up to p. 919 and very end of chapter); Government Budgets--Ch. 27 (after p. 919)</td>
</tr>
<tr>
<td>4/30/2012</td>
<td><strong>Mon:</strong> Written Assignment #2: Should Social Security be Privatized? (See instructions and access information in WebCT); <strong>Fri:</strong> PS11 (Money)</td>
<td>Introduction to Money--Ch. 25; How Banks Create Money--Ch. 25; Contraction and Expansion of Money Supply--Ch. 25</td>
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<tr>
<td>5/7/2012</td>
<td><strong>Wed: PS12 (M &amp; B, T-Account); Mon:</strong> PS13 (Open Economy Macro)</td>
<td>Contraction and Expansion of Money Supply--Ch. 25; Introduction to Federal Reserve--Ch. 25; Federal Reserve and Monetary Policy--Ch. 26; Combining Fiscal and Mon. Policy in AD &amp; AS Framework--Ch. 26; Exchange Rates and Macroeconomic Policy--Chs. 30 &amp; 29</td>
</tr>
<tr>
<td>5/14/2012</td>
<td><strong>Monday is last day of classes</strong></td>
<td>Exchange Rates and Macroeconomic Policy--Chs. 30 &amp; 29; <strong>Final Exams: Sect. 04: 11:00 AM - 1:00 PM, Monday, May 21; Sect. 05: 11:00 AM 1:00 PM, Fri, May 18</strong></td>
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</tbody>
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