

ECON 271: Principles of Economics – Macro Autumn 2008¹

I guess I should warn you, if I turn out to be particularly clear, you've probably misunderstood what I've said.

—Alan Greenspan

Course Information

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Office: Pigott 409

Office Hours: drop-in: MW 12:00–2:00pm
email me to set-up an appointment outside of these hours

Lectures: Section 01: MWF 10:00–11:25am, Pigott 200
Section 02: MWF 8:15–9:40am, Pigott 201

Course Webpage: <https://angel.seattleu.edu>

Course Goals

The above Alan Greenspan quote describes what I think is a typical outsider's view of economics. It doesn't have to be that way! A basic understanding of economics is within everyone's reach because economics is, after all, a study of human behavior.

The SU catalog description of this course goes something like this, “Organization, operation, and control of the American economy in its financial and sociopolitical settings; problems of inflation, unemployment, taxation, the public debt, money, and banking growth.” My goal in this course is to develop the tools that economists use to analyze modern day issues in macroeconomics. Then, you will use those tools to analyze what I think are interesting problems and situations (and hopefully, you will think they are interesting, too). If you have picked up a newspaper in the past few months, you will undoubtedly know that there is no shortage of material to discuss! And hopefully, if all goes well, we'll have a little fun along the way.

Since this is an introductory course, many of you come from different academic backgrounds, have different interests as far as your future employment is concerned, and have different skill sets at your disposal. However, at the end of this course you all will emerge with a better understanding of the workings of the macroeconomy. This understanding will enable you to become better-informed citizens and engage in discussions of some interesting public issues.

To give you some more detail and guidance, here are my specific goals for this course. After completing this course, you should be able to:

1. Understand the basic structure of economic models.

¹This version of the syllabus: September 17, 2008

2. Understand the problem of scarcity in economics and how it affects resource allocation.
3. Analyze market economy issues using a “supply-and-demand” framework.
4. Understand how GDP, unemployment, and inflation are measured and why they are important when discussing the performance of the economy.
5. Discuss the roles of saving, investment, and the financial system in the performance of the economy.
6. Distinguish between fiscal and monetary policy and how each impacts the performance of the economy in the short- and long-run.
7. Understand the basics of open-economy macroeconomics, e.g., exchange rate determination.
8. Analyze the pros and cons of policy decisions involving the economy.

Prerequisites

There are no specific prerequisites for this course, but we will use basic arithmetic, algebra, and geometry extensively (it’s simply the nature of the beast). While the present course is not a “math” course and every “math-related” concept will be taught within the confines of this class, a strong mathematical background may come in handy.

Required Texts

The required textbook for this course is: N. Gregory Mankiw, *Principles of Macroeconomics, 4th Edition*, Thomson South-western.² Any additional handouts or readings will be distributed in class and/or posted online.

While I will not require you to get a paid subscription to *The Wall Street Journal*, *The New York Times*, or *The Economist*, you should make a concerted effort to keep up with topics related to this class in the news to enable better discussion.

Assignments and Academic Honesty

Assignments will give specific instructions as to what is expected. Failure to follow instructions may result in grade penalties.

Except for the problem sets, all assignments are to be done on an individual basis. All work will be conducted within the framework of Seattle University’s Academic Honesty Policy, Policy Number: 2004-01. In other words, if I suspect academic dishonesty, actions will be taken within the scope of the Academic Honesty Policy, which includes a formal report to the Dean of the Albers School of Business and Economics and potentially suspension or dismissal from the University. I take academic honesty very seriously and have a high threshold level for the pain of going through red tape, so consider yourself warned. If you haven’t done so yet, it would be a good idea to familiarize yourself with the entire Academic Honesty Policy, which can be found at: <http://www.seattleu.edu/registrar/page.aspx?ID=87>

²There are two other versions of this that are acceptable: *Principles of Economics* or *Brief Principles of Macroeconomics*. All chapter numbers and problems will come from the assigned copy. Whatever version you use, just make sure you are reading the right chapter/answering the right questions.

Problem Sets

There will be several problem sets assigned throughout the quarter. You are encouraged, but not required, to work on these problems in a group of no more than 3 outside of class. If you do choose to work on these assignments with others, you are required to turn in your own set of solutions and cite your group members. These problem sets will be closely related to your exams. Try to get started early so that any questions about the concepts discussed in these problems can be cleared up BEFORE the exams are given.

Exams

There will be 2 midterms and 1 final exam. The midterms will be given on Friday, **October 17** and Friday, **November 14**, and you may have the entire class period to complete each exam. To answer an anticipated question, the final exam WILL be cumulative. The final exams are scheduled for Tuesday, **December 9**, 12:00pm–1:50pm (section 01) and Wednesday, **December 10**, 8:00am–9:50am (section 02). Barring some huge unforeseen catastrophe, these dates are firmly set, so plan accordingly.

For the exams, you need only bring a pen or a pencil (backup pens or pencils are fine, too) and a basic calculator. You are allowed to use a graphing or scientific calculator, but are on your honor to only use the basic functions. You may not under any circumstances use a cell phone. You will have plenty of room to write your answers directly on the tests.

Grading

I will automatically drop your lowest problem set grade and determine your final grade according to the following rubric:

PROBLEM SETS:	15%
MIDTERM EXAMS:	25% each
FINAL EXAM:	35%

I will give a “step” (e.g., A- to A) GPA boost to those students that I feel have contributed quality thoughts and interpretations to class discussion (this will only be given to a handful of students, so do not just assume you will get it!) I do not give makeup assignments unless you have a SU sanctioned excused absence (e.g., emergency room visit with a doctor’s note.) So, if you miss a midterm, you will receive a zero for that part of the course. NO EXCEPTIONS! I also will not give extra credit assignments at the end of the quarter to bring up one person’s lagging grade since it would not be fair to your classmates.

Special Accommodations

If you have, or think you may have, a disability (including an ‘invisible disability’ such as a learning disability, a chronic health problem, or a mental health condition) that interferes with your performance as a student in this class, you are encouraged to arrange support services and/or accommodations through Disabilities Services staff in the Learning Center, Loyola 100, (206) 296-5740. Disability-based adjustments to course expectations can be arranged only through this process.

Classroom Etiquette

You have certain rights and privileges as a paying customer at Seattle University, but please recognize that your classmates have rights and privileges as well. I expect everyone to extend the common courtesies involved in this classroom endeavor: silenced cell phones (including no texting during class), no talking unless it’s part of the general discussion, and if you do use a laptop, please use it only for classroom

related activities. Even if you feel that your question to your neighbor is of such a low volume that it cannot possibly distract anyone, chances are that it probably does, and what's more is that someone else probably has the same question. If you politely stop me from rambling and ask, you and everyone else will get the answer and no one gets distracted. WIN-WIN!

Schedule

I have divided this course into 6 general topics that will take approximately one-and-a-half to two weeks each to cover. All readings are required; additional readings outside of Mankiw will be assigned throughout the quarter. I have long since learned my lesson to not plan each and every single day in the syllabus up front since each class has a unique pace. To that end, there will be a more detailed calendar on the class webpage that looks two weeks ahead to keep us all up to date.

TOPICS	READINGS
Intro, Comparative Advantage, Supply and Demand	Chapters 1–4
Macroeconomic Measurements: GDP, Inflation, Unemployment	Chapters 10, 11, 15
Economic Growth, the Financial System	Chapters 12, 13
Money, Monetary Policy	Chapters 16, 17
AS-AD, Fiscal Policy	Chapters 20, 21
The Open Economy	Chapter 18
Other Topics, time permitting	