ECO202: PRINCIPLES OF MACROECONOMICS
Spring 2008

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Office Hours: 9-10 MW; 2-3:30 TR
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Workbook: Myeconlab. (This is an access code to a website that is purchased with your text. It will include an online study guide, practice tests, etc.)

Course Description: The first objective of the course is to provide the student with an understanding of several measures of macroeconomic performance. The course will then develop a model of the macroeconomy that will be used to understand how various “shocks” can affect the economy and lead to a “business cycle”. The model will make it possible to predict how various shocks to the economy will affect several key macroeconomic variables (e.g. interest rates, the unemployment and inflation rates, Gross Domestic Product, wages). The course will also examine the many controversies surrounding the ability of the federal government or monetary authorities to smooth out the business cycle. The student will learn that the efficacy of fiscal and monetary policy will turn crucially upon the validity of several assumptions that are made in the macroeconomic model. In addition to the concerns regarding the business cycle, the course will examine the determinants of long term economic growth, and the ability of government to influence growth with tax and spending policies. Attention will also be given to the impact of the macro-economy on financial markets (e.g. the stock and bond market) and the determinants of trade flows and exchange rates. Macroeconomic theories will also be used to improve the understanding for different points of view on the desirability of various tax or spending programs.

Liberal Education Goals. Eco 202 is a Liberal Education Foundation Course and a root course in economic thematic sequences. The study of macroeconomics is concerned with the factors that influence fluctuations in aggregate economic variables such as total output, the average level of prices and interest rates, and the level of employment. The course is organized around three topics: 1) the measurement of macroeconomic variables 2) the development of theory that sheds light on the relationships among the macro variables, and 3) the ability and desirability of government to affect macro variables through policy.

Understanding empirical measures of prices, output, employment, and other macroeconomic variables requires a critical analysis of the measures and their potential shortcomings. Once students understand how macroeconomic variables are measured, they will learn a model of the macro-economy. The model provides a framework to think critically about the cause and effect of variations in macroeconomic variables. The model's credibility is critically assessed in by its ability to explain the fundamental facts of the macroeconomy. A clear understanding of the model permits us to analyze the effects of economic shocks as well as monetary and fiscal policy. Understanding the context of a policy action is critical to the assessment of both the effects and the desirability of the policy. An appreciation of the differences in the perception of the underlying structure of the economy is essential to understanding disagreement and controversy over macroeconomic policy, and to reflecting on appropriate policy action.
COURSE GUIDELINES

Grades. Your course grade will be based upon 2 midterms, quizzes, and a cumulative final exam. The weights on each are listed below. If you do better on the final exam than on your worst midterm (in percentage terms), the final exam score will replace the lowest midterm score.

Quizzes (with lowest two quiz scores dropped) 15%
First midterm 25%
Second midterm 25%
Final exam 35%

Quizzes will be given on a regular basis. Students will be made aware of an upcoming quiz via email or in class at least 24 hours in advance. Your overall quiz score will be based on an average of the percentage scores for all the quizzes after dropping the two lowest scores.

Attendance. Attendance will be regularly monitored by use of a signature sheet. Anyone found signing for another student will be charged with academic dishonesty. Leaving class early or arriving after attendance is taken will count as a class missed unless an alternative arrangement is made on the day in question. At the end of the year, those with 3 or fewer recorded absences will receive bonus points that will be added to their overall total percentage score at the end of the year. If you have 2 or fewer absences, you will receive a 2 percentage points bonus; 3 absences receives a 1 percentage point bonus. The official record of attendance is the signature sheet distributed at the beginning of class. The reason that you miss a class or fail to sign the attendance sheet is irrelevant in my determination of the number of classes missed and whether you receive bonus points. Consequently, there is no reason for you to inform me of the reason for absences, unless they become excessive as described below.

If you miss more than 4 classes and cannot convince me that you have good reason for being frequently absent, I may invoke section 01.701.E of the student handbook which states

Whenever a student is absent from class to such an extent as to make the student’s work inefficient or to impair the morale of the class, the instructor may direct the University Registrar to drop the student from that course with a grade of F. The instructor shall notify the student of this action no later than the time he or she notifies the Registrar.

If you exceed the 4 absence limit, I will warn you via email that you are at risk of being dropped from the course. A failure to read your email will not constitute a legitimate defense against subsequent penalties.

Make-Up Exams or Quizzes. There are 2 midterms during the semester. The dates listed with the schedule of topics are subject to change. You are responsible for any changes in the schedule announced in class or via email. In the case of a missed exam, the final exam score will replace your missed midterm score. In the event that you miss a quiz for any reason, it will be dropped as one of your two lowest quiz scores. Regardless of the reason for missing a quiz or exam, no make-up will be given. In the event that you anticipate a conflict associated with a university sponsored event in advance of the exam, contact me at least two classes prior to the scheduled exam date to discuss the possibility of arranging an alternative time to take the exam.

Grade appeals: If you believe that your exam or quiz was misgraded, you may submit a written appeal no later than 2 classes after the exam or quiz was returned. Attach a written explanation of the appeal to the relevant exam or quiz. I will respond in writing. If there is still a disagreement, we can meet during my office hours.

Office Hours. My office hours are listed at the top of the syllabus. You are encouraged to visit me during those hours for clarification of lecture notes, the text, assistance with homework, or advice on study habits. When you visit, come during my posted office hours or speak to me after class to schedule an appointment. Please prepare for your visit -- organize your questions and review the relevant lecture notes and readings. Be forewarned .. office hours may be very busy immediately before an exam. It is best not to wait to the last minute to ask questions.
**Supplementary Instruction:** SI study sessions are regularly scheduled, out-of-class, review sessions where students compare notes and discuss readings. Students learn how to integrate course content and reasoning skills in sessions led by SI Leaders. The SI Leaders are Yi Zhang and Alex Beasecker. A meeting time and place will be chosen for SI sessions as soon as possible.

**The Web:**

**Blackboard.** I will use blackboard to make announcements, post grades, and perhaps administer online quizzes. Links will be provided to my Eco202 page from blackboard or you may connect directly to [www.sba.muohio.edu/evenwe](http://www.sba.muohio.edu/evenwe). This web page will include a listing of assigned readings, homework, supplementary readings, and handouts. All students are expected to access the web site for these materials.

**MyEconlab.** With the purchase of your textbook, you will receive an access code for MyEconlab in coursecompass. A link to myeconlab will be provided through the blackboard website. If you purchased a textbook without an access code, you may purchase an access code online with a credit card. To register, you will need your access code, a valid email (use your muohio.edu email), and the course id (even52695). Choose your unique id as your id in MyEconlab. **Be sure that you use the installation wizard available on the web site to install the various plug-ins that are required to make the site work.** MyEconlab will include a study guide, practice tests, homework, an online text, and course announcements. As the semester progresses, I will assign work from various components of MyEconlab.

**E-mail:** Throughout the semester, I will send you email with course announcements to your Miami email address. If you regularly use another address, register it with Miami so that email is forwarded. I assume that you read your email daily. With nearly 200 students in the Macro Principles class, I ask that you be judicious in your use of email. Please do not send email to ask questions about course material (e.g. clarification of lecture notes, homework problems, etc.). These questions should be asked during SI sessions or my office hours. Second, please do not send email asking questions that are already addressed in the syllabus, posted on the web, or announced in class (e.g. exam dates, office hours, grades). Finally, be aware that the university has a spam filter that may screen out email sent from third-party email providers (e.g. yahoo, hotmail). It's best to send me email from your Miami account.
**SCHEDULE**

All dates are subject to change. Students are responsible for keeping informed of announced changes in the schedule.

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<thead>
<tr>
<th>Date</th>
<th>Tuesday</th>
<th>Thursday</th>
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<tbody>
<tr>
<td>1/15</td>
<td>Introduction</td>
<td>1/17 Ch. 4: A first look at macroeconomics</td>
<td>1/22 Ch.5: Measuring GDP and economic growth</td>
<td>1/24</td>
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<tr>
<td>1/29</td>
<td>Ch. 6: Monitoring jobs and the price level</td>
<td>1/31</td>
<td>2/5 Ch. 7: At full employment: The classical model</td>
<td>2/7</td>
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<tr>
<td>2/12</td>
<td>2/14 First midterm exam (TENTATIVE DATE)</td>
<td>2/19 Monday/Tuesday exchange – no class</td>
<td>2/21 Ch. 9: Money, the Price Level and Inflation</td>
<td>2/12</td>
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<td>2/26</td>
<td>2/28 Financial Markets: Stocks and Bonds.</td>
<td>3/4</td>
<td>3/6 Ch.10: The Exchange Rate and the Balance of Payments.</td>
<td>3/11</td>
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<td>4/17</td>
<td>4/15 Ch. 14: Fiscal Policy</td>
<td>4/22 Ch. 15: Monetary Policy</td>
<td>4/24</td>
<td>4/29 Special topics</td>
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<td>4/29</td>
<td>5/1 Special topics</td>
<td>5/7 ECO202 Final exam 7:45 p.m; Location to be announced.</td>
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