

Economics 103, Introductory Macroeconomics

Winter 2020

Bates College

Paul Shea

Class Times: Tuesday and Thursday, 9:30-10:50 AM.

E-mail: pshea@bates.edu

Office Hours: Drop in office hours are from 8:30-10 AM on Monday, and 9:30-11 on Friday. You are also welcome to make an appointment.

Office: 270 Pettengill.

Course Website: www.paulshea.com. This site includes lecture notes, class announcements, readings, and assignments. Note that the class website is unrelated to Lyceum.

Course Description: This course serves as an introduction to economics in general and, more specifically, to macroeconomics. Because Introductory Microeconomics is not a prerequisite, the course begins with an overview of general economic concepts such as supply and demand. We then discuss fundamental macroeconomic concepts, such as the definition and measurement of key variables (*e.g.* unemployment aggregate output, inflation, etc.), how and why macroeconomic modeling is done, and how macroeconomic policies might be evaluated. We then look specifically at what determines long run and short run macroeconomic performance. Along the way, we will apply the course material to several special topics.

This course includes substantial blocks of both future economics majors and those who will take few or no additional economics classes. My goal is to make this a worthwhile class for both groups. I will judge my success by whether students meet the following objectives:

1. Students will have a solid understanding of the relationship among microeconomics, macroeconomics, theoretical economics, and empirical economics.

2. Students will have a strong introduction to the general methodology of macroeconomics, and the motivation for how the field is currently practiced. This is especially crucial for those students who will eventually take Intermediate Macroeconomics.
3. Students will be able to identify the core economic concepts that currently create intelligent disagreement over macroeconomic policy.
4. Students will be able to distinguish between coherent macroeconomic arguments and those based on nonsense. I think of these last two objectives as collectively crafting citizens who are informed about macroeconomic issues. I view these as especially important for the non-majors who will probably never take another course in macroeconomics.

Prerequisites: Competence at simple algebra.

Textbook: There are a large number of , mostly similar, Introductory Macroeconomics books. This semester, I am assigning an open source book from the University of Minnesota. The original author's name was removed when Minnesota purchased the rights to the book.
University of Minnesota Library. 2016. "Principles of Macroeconomics."

Available at: <https://open.lib.umn.edu/macroeconomics>.

I am switching to an open source book for two reasons. First, the best Principles of Macroeconomics textbooks range between \$100-\$200 and are only slightly better than this textbook. Second, I do not plan on following any textbook particularly closely. I will use my own class notes and I will provide them to you on the course website.

Supplemental Materials: I will post my class notes on the class website. In addition, I will post practice problems and answer keys for each topic that we cover in class.

Assignments: Your grade consists of the following:

i) Two midterms. These are scheduled for Thursday, 2/13/20 and Tuesday, 3/19/20. **25% of final grade each**

ii) A final exam at 1:15 PM, Friday, 4/17/20. It is not possible for you to take the final at any other time, unless you are excused for a college approved reason. If the final exam time presents a conflict, then do not take this course. **30% of final grade**

iii) Periodic homework assignments. These may either act as a review or extension of what we cover in class. **20% of final grade**

The following process will determine each student's final grade:

1. Any letter grades will be converted into numerical scores.
2. Numerical scores will be multiplied by the weights for each assignment and summed to obtain a raw score.
3. Course grades will then be given based on the ordering of raw scores. The distribution of grades will be largely based on my subjective impression of the class's performance.
4. No student shall receive a higher final grade than another student with a higher raw score. Likewise, no student shall receive a lower final grade than another student with a lower raw score.
5. All students shall have the same opportunity to succeed in this course. There is no extra credit. Please do not ask.

Important: There is no pre-determined connection between raw numerical scores and final letter grades. I do not believe in imposing scales that, for example, declare an 82 to be a *B-* without regard for the difficulty of exams or the standard used to grade them. I will map numerical scores into final letter grades based on my subjective interpretation of the class performance. There is no fixed fraction of As, Bs, etc. The most likely outcome is that the final distribution of grade in this class will be unremarkable compared to other Introductory courses offered by the Department of Economics.

Contesting of Grades: Every effort is made to ensure that grades are accurate and consistent. I do not want to give any student an erroneous grade. If you believe that a grading error has been made, please bring it to my attention promptly after the assignment has been handed back. I will only consider possible grading errors for one week after an examination has been passed back. All grade appeals must be submitted in writing.

All exams and homework assignments will be counted immediately after they are handed in to ensure that the number received equals the number graded. Save all of your graded work. If I have no record of a completed assignment, and if you cannot present your graded assignment, then you will receive no credit for the assignment in question.

Inability to Complete Course Requirements: If you know that you cannot attend an exam or complete an assignment due to a non-college excused commitment, do not take this class. If an unanticipated commitment arises that prevents you from satisfying any of the course requirements, you must have your conflict verified by the Dean of Student's office. Be aware that this office will require documentation of all illnesses and deaths in the family. I will not personally judge the validity of students' conflicts. I reserve the right to either offer a makeup or roll the weight of the missed exam into the other graded elements of the course.

Academic Dishonesty: I will pursue any instances of academic dishonesty. Historically, I have been very aggressive in investigating and sanctioning cheating. The College has adopted the following language on academic dishonesty. I support this policy and re-print it here:¹

Academic integrity is fundamental to learning, scholarship, and indeed all dimensions of academic life. At its simplest, this means that the work you submit must be your own unless collaboration is specifically allowed, that you use only those resources allowed; that you express yourself in your own words unless you are quoting, and that you properly acknowledge and cite the ideas, information, and other work that you used or that contributed to your understanding.

¹Auer, Matthew R. "Tips for incorporating academic integrity info into your syllabi." E-mail to Bates Faculty. 6 Aug. 2014.

Your academic work is governed by The Bates College Statement on Academic Integrity, found here at:

<http://www.bates.edu/entering/policy/judicial-affairs/code-of-student-conduct/academic-misconduct/>,

and by any additional standards I set in this syllabus or in individual assignments. The Statement on Academic Integrity provides a fuller discussion of academic integrity and definitions of plagiarism, misuse of sources, and cheating. You are responsible for reading the Statement carefully and abiding by its terms.

Violations of academic integrity are serious and can result in severe consequences at both the course and college levels. Depending on the circumstances of the violation, I will assign a failing grade for the assignment and/or the course, require work to be redone, and/or impose other consequences; in addition, I will refer the matter to the Dean of Students for possible institutional action. Procedures for suspected violations are explained here:

<http://www.bates.edu/entering/policy/judicial-affairs/>.

If you have any questions or concerns about what is expected or permissible in this course or about academic integrity in general, please contact me.

If you are unsure about issues of academic integrity, just ask.

Students with Disabilities: If you have a documented disability and need an accommodation, please make arrangements with me during the first week of the term. Please request that the Dean of Student's office send me a letter verifying your disability.

Please note that I am not qualified to diagnose a disability or approve an accommodation. You must therefore always go through the Dean of Student's Office. It is your obligation to have a disability diagnosed in a timely manner. You are unlikely to receive any substantial accommodation if you wait until right before an exam to notify me.

A Very General Outline, Subject to Change:

- a. Fundamental Concepts of Economics
- b. Supply and Demand
- c. Introduction to Macroeconomics
- d. Defining, Understanding, and Measuring Macroeconomic Variables
- e. The AS/AD Model, a model of the short-run
- f. The long-run
- g. Money
- h. Monetary Policy
- i. Fiscal policy
- j. Debt and Deficits
- k. Exchange rates and the Open economy
- l. the financial sector