

ECON 004, Section 002
Introductory Macroeconomic Analysis and Policy
Fall 2008
Tuesday & Thursday, 2:30pm – 3:45pm
REDC, Room 208

Instructor: Dr. Todd M. Nesbit
Telephone: (814) 898-6326
E-Mail: tmn11@psu.edu
Office: 271 REDC
Office Hours: Tuesdays 8:30am – 10:30am
 Thursdays 8:45am – 10:30am
 And by appointment

Course Overview:

Economics can be generally defined as the study of human behavior from a cause and effect perspective. It employs cost/benefit analysis to determine how society can best employ scarce resources in an effort to increase efficiency and improve resource allocation.

Econ 004 is designed to introduce students to the basic methods of economic analysis at the aggregate (or economy-wide) level. That is, the course will introduce you to macroeconomics. Macroeconomics is the branch of economics that focuses on how human behavior affects outcomes in highly aggregated markets, such as the labor and consumer markets. Students will learn the basic concepts and techniques used by economists to study a wide range of issues related to the macro-economy, with unemployment and inflation serving as two such examples. Students will understand the causes and consequences of recessions and economic booms as well as how government can attempt to stabilize the economy through fiscal and/or monetary policy. Finally, students will learn about international trade and international currency markets.

The companion course to Econ 004 is Econ 002, Introductory Microeconomics. Whereas Econ 004 examines the macro-economy, Econ 002 focuses on economic decisions made at the micro-level. That is, Econ 002 examines the incentives and decisions of individual households and firms. More specifically, it investigates such topics as household consumption decisions, firm production decisions, and industry market structure. Either course, Econ 002 or Econ 004, may be taken first.

Prerequisites:

As an introductory course, there are no formal prerequisites for this course, although the recommended semester standing for student taking this course is 3 or above.

Readings:

REQUIRED MATERIALS:

Subscription: *Aplia* online subscription: includes pdf version of our textbook and will serve as the source for most of our homework assignments

SUPPLEMENTAL MATERIALS:

Text: *Macroeconomics - Private and Public Choice* with Aplia On-line subscription (12th edition) by James Gwartney, Richard Stroup, Russell Sobel, and David Macpherson. – **NOTE: pdf version of text available with Aplia subscription**

Workbook: *Coursebook to Accompany Macroeconomics - Private and Public Choice*

Course Websites:

APLIA COURSE WEBSITE:

We will use the Aplia website regularly throughout the course. Refer to page 4 of this syllabus or to the document “Aplia Student Registration Instructions” listed on Angel to learn more about how to activate your account. You should become familiar with this website early in the course. Your homework assignments will be found on this website. It also provides a pdf version of the textbook and other supplementary materials to help you understand the concepts of this course. It can be accessed at: <http://econ.aplia.com>.

ANGEL COURSE WEBSITE:

If there are additional course materials that can be electronically posted, they will be made available on the Penn State ANGEL website for this course. It can be accessed at: <http://cms.psu.edu>. You will need your PSU access account *user name* and *password*.

TEXTBOOK WEBSITE:

Your textbook has a companion website that provides supplementary materials to help you understand the concepts presented in this course. The homepage for the text is below (it also appears in the back cover of the book): <http://economics.swcollege.com>. Instructions on how to access this website are provided on the tear-out card in the front of your text.

Grade Determination:

Contrary to what some students may believe, professors do not assign grades; rather, students earn grades based on how well they demonstrate mastery of the subject matter. Those who attend class regularly and those who put forth more effort toward learning the course material will, in general, earn higher grades. You should think of this course as your job. If you do not show up for your job or put forth an acceptable level of effort while on the clock, you will likely be unemployed in the near future and be without an income. Likewise, if you do not show up to class and you do not immerse yourself in the material (both while in class and while studying outside of class), you will likely earn a failing grade in this course.

Each student's final grade will be determined as the average of the two mid-term exams, a cumulative final exam, a set of quizzes, and a set of Aplia online assignments. The grading weights appear below:

Mid-term Exam 1	20%
Mid-term Exam 2	20%
Final Exam	25%
Quiz Average	20%
Aplia Homework Assignments	<u>15%</u>
	100%

The tentative outline of the course can be found on the final page of this syllabus.

EXAMS:

There will be two midterms and a final exam. The exact dates of the two midterms depend on the pace of the class. I will adjust the pace of the course based on the class' understanding of the material. I will announce these dates at least 3 classroom sessions in advance. So, at a minimum, students will have at least 9 days to prepare for a midterm exam. The tentative outline on the last page of this syllabus will provide a general idea of the test dates. All students **MUST** take the final exam at the University scheduled date and time, which will be determined in mid-September. The exams will cover only the material discussed in class, although the text will provide additional explanations of the covered topics. If it is in the book but I do not cover it in class, it will not be on the exam. If I cover it in class, but it's not in the book, it may appear on the exam. Each exam may be composed of three sections: multiple choice, short answer/mathematical, and short essay. All illegible answers will be marked incorrect, so please write legibly. Cell phone calculators may **NOT** be used on exams.

It is your responsibility to be present for all exams. If you know that you will not be able to attend class on an exam day, you must notify the professor at least 1 week in advance. In such circumstances when the professor deems appropriate, **arrangements may be made to take the exam PRIOR to the scheduled exam.** Make up exams must be completed before the remainder of the class takes the exam on the scheduled exam day. In the event of an emergency, students must contact the professor immediately to notify him of the situation. In such cases, official documentation is required in order to make alternative arrangements for the exam, which may include a 10-15 page term paper instead of a make-up exam.

QUIZ AVERAGE:

There will be numerous **unannounced** in-class quizzes assigned throughout the semester. The exact number of quizzes is not predetermined. Rather, the number of quizzes will depend on overall student effort, as is determined by the professor. If the class generally appears to not have prepared for class, the professor may elect to assign a quiz. In the event a student misses a quiz, it may **NOT** be made up except in extreme cases, which will again require documentation. All illegible answers will be marked incorrect, so please write legibly.

APLIA HOMEWORK ASSIGNMENTS:

Daily homework assignments are found on the Aplia website. The Aplia site requires a separate registration process. Here are the steps:

1. Connect to <http://econ.aplia.com>
2. Complete the Configuration Test and make adjustments to your configuration if necessary
3. Return to the Sign In page and click "Register Here"
4. You will be prompted to enter your e-mail address and select a password
5. You will then be asked to enter your course key, which is: **J6UV-78XS-NDV5**
6. Be sure to select the correct course section number: Section 002.

You will only need to register once. After the registration process is complete, you will not need to enter the course key again. For technical problems or problems signing in, please send Aplia an e-mail by clicking on the "Help" link in the upper-right corner of any page or by e-mailing support@aplia.com.

Most assignments come in pairs: a practice problem set and a graded problem set. Each assignment has a firm due date. The computer doesn't consider any excuses, and I cannot modify the system settings in Aplia. So, you will want to complete the assignments early to avoid emergencies preventing your completion before the due date. These assignments are posted at least a week in advance (normally earlier), so there is no excuse for not getting them done.

The practice sets give you immediate feedback about whether your answer is right or wrong and an explanation of the correct answer. These problem sets are NOT required—they are practice. I suggest you use them to check your understanding of the material before completing a traditionally graded assignment.

The “graded problem sets” are required. You can change your answers as many times as you like before the due date has passed. Once the due date has passed, the grade will be recorded and it will not be possible to change your answers or complete the assignment at this point. Again, the software does not care whether you have an excuse or not, so complete the assignment well before the due date. Each homework assignment counts equally toward your final grade.

Free-Pass Policy: I understand that stuff happens, whether it be family related, technical difficulties, or otherwise. So, I will drop the two lowest Aplia homework grades. In other words, you have 2 Free Passes. Do not abuse them by using them for just any reason. They are intended to be used in cases of unavoidable difficulties. If you use both of them, and then your computer crashes, I will respond with the following: “Hmm, that’s too bad. What happened to your two Free-Passes?” You will then realized that you goofed and will leave my office wishing you had just put forth a bit more effort earlier in the semester. So, be responsible and just do the assignments.

Grading Scale:

Final Weighted Average	Course Grade
92.5 – 100%	A
89.5 – 92.49%	A-
86.5 – 89.49%	B+
82.5 – 86.49%	B
79.5 – 82.49%	B-
76.5 – 79.49%	C+
69.5 – 76.49%	C
59.5 – 69.49%	D
<59.5%	F

Under no circumstances will the above grading guidelines be relaxed or changed.
More directly, **I DO NOT CURVE GRADES.**

Grade Discrepancies:

Students should review each graded assignment thoroughly so that you can both learn from your mistakes and catch any errors that the professor may have made. **Students have ten (10) days from the date that an assignment is returned to the class (whether you are present in that classroom session or not) to voice any discrepancies in the grading.** After the ten days have passed, it is understood that the student agrees with the grading of the returned assignment and can no longer voice complaints concerning its grading.

Attendance:

Attendance will not be taken and it will not (directly) count toward your grade. If a student misses a class, it is that student's responsibility to determine what material was covered and what assignments (if any) were issued. If an assignment is due on the day a student misses class, he or she should make arrangements to turn in the assignment early; otherwise, the assignment will be considered late and will not be accepted.

Academic Integrity Policy:

The following statement is from the Office of the Chancellor at Penn State Erie:

Penn State Erie puts a very high value on academic integrity, and violations are not tolerated. Academic integrity is one of Penn State's four principles to which all students must abide. This principle states:

I will practice academic integrity. Academic integrity is a basic guiding principle for all academic activity at Penn State University, allowing the pursuit of scholarly activity in an open, honest, and responsible manner. In accordance with the University's Code of Conduct, I will practice integrity in regard to all academic assignments. I will not engage in or tolerate acts of falsification, misrepresentation, or deception because such acts of dishonesty violate the fundamental ethical principles of the University community and compromise the worth of work completed by others.

Any violation of academic integrity will receive academic and possibly disciplinary

sanctions, including the possible awarding of an XF grade, which is recorded on the transcript and states that failure of the course was due to an act of academic dishonesty. All acts of academic dishonesty are recorded so repeat offenders can be sanctioned accordingly.

More information on academic integrity can be found at the following website:

<http://www.pserie.psu.edu/faculty/academics/integrity.htm>

Expectations of the Students:

Students are expected to follow all university guidelines set forth in the student handbook. Students are also expected to arrive to class on time and to not be disrupting while in class. **Cell phones are to be turned off while in class.** Finally, students are expected to be attentive in class, which includes not doing other coursework during class time.

Study Tips:

Look over the material prior to class. If you are not going to read the chapter prior to our covering it, you should at least look at the important points highlighted in the margins. After reading the assigned material, work out the answers to the questions in the workbook. The answers to the workbook questions are given in the back of the workbook. Studying these questions should be extremely helpful to you as they are very similar to the questions that I ask on exams.

This class requires knowledge of algebra and understanding of graphs. If you have trouble with this level of math you will probably have trouble in this class. If you have any doubts about your mathematical ability, or just need a quick refresher, look at the addendum at the end of Chapter 1 in your textbook. I suggest that you look over this addendum early in the semester.

Lastly, while I do not take attendance, I can assure you that your final grade will reflect your class attendance (or lack of it). Please note that the test material comes directly from or is an extension of what is covered in class, so your attendance will impact your grade.

Career Development Center:

The Career Development Center (CDC) can assist students with the process of career and life planning through a full range of programs and services. You may schedule appointments with the CDC staff to discuss issues including interests, skills, values, and goal setting, as well as how to find career information, internships, full-time jobs, and graduate schools. You are encouraged to utilize the services of the CDC every year from your first semester to graduation.

CDC Location: First Floor – Reed Building
CDC Phone: 898-6164
CDC Web Site: <http://pennstatebehrend.psu.edu/cdc>

Tentative Course Outline

1. A Refresher of the Basic Economic Principles
 - Chapter 1: The Economic Approach
 - Chapter 2: Some Tools of the Economist
 - Chapter 3: Supply, Demand, and the Market Process
 - Chapter 5: The Economic Role of Government
2. Measuring Aggregate Economic Activity and Adjusting for Inflation
 - Chapter 7: Taking the Nation's Economic Pulse
 - Chapter 8: Economic Fluctuations, Unemployment, and Inflation

**** Midterm Exam 1 ****

3. Aggregate Demand and Supply
 - Chapter 9: An Introduction to Basic Macroeconomic Markets
 - Chapter 10: Working with Our Basic Aggregate Demand/Aggregate Supply Model
4. Fiscal Policy
 - Chapter 11: Keynesian Foundations of Modern Macroeconomics
 - Chapter 12: Fiscal Policy

**** Midterm Exam 2 ****

5. The Banking System and Monetary Policy
 - Chapter 13: Money and the Banking System
 - Chapter 14: Modern Macroeconomics: Monetary Policy
6. Current Synthesis View of Macroeconomics
 - Chapter 15: Stabilization Policy, Output, and Employment
 - Chapter 16: Economic Growth
7. International Economics
 - Chapter 17: Gaining from International Trade (time permitting)
 - Chapter 18: International Finance and the Foreign Exchange Market (time permitting)

**** Cumulative Final Exam during university scheduled final exam period. ****