

The College of William and Mary

ECON 102: Principles of Macroeconomics

Section 1: Mondays, Wednesdays and Fridays 1:00-1:50

Section 2: Mondays, Wednesdays and Fridays 10:00-10:50

Syllabus

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Course Overview

ECON 102 is the second course in the introductory economics sequence at the College of William and Mary. The first course in the sequence, ECON 101: Microeconomics, examines small-scale economic phenomena, such as individual markets, profit-maximization by a firm, etc. Macroeconomics, which is the subject matter of ECON 102, focuses on economic performance at the aggregate level.

Macroeconomic topics covered in this course include: the economy's total output of goods and services and its influences; the unemployment rate and what governs it; federal government policies with regard to spending and taxes; the Federal Reserve and monetary policy; and inflation. Please see Course Outline and Reading Assignments section below for a detailed list of topics covered.

If I were to identify five core competencies I hope you take away from the course, they would be the following:

1. The ability to analyze federal government policies with regard to spending and taxes.
2. An understanding of the Federal Reserve system and how it influences interest rates and the overall level of economic activity.
3. The ability to use basic macroeconomic models to analyze the economic impact of exogenous shocks to the economy.
4. An understanding of the macroeconomic linkages between different countries.

5. The ability to distinguish macroeconomic nonsense from macroeconomic sense.

In addition to these five core competencies, I would hope that you leave the class with the following, more narrowly focused takeaways:

1. Why monetary policy is like pushing on a string to alleviate a recession.
2. Why thriftiness is a virtue at the individual level, but an economic problem at the aggregate level.
3. Why each dollar of spending on newly produced goods and services stimulates the economy by more than a dollar.
4. Why a decrease in the trade deficit may mean that the economy is actually doing worse.
5. Whether a tax cut stimulates the economy may depend on whose taxes get cut.

Successful completion of this course satisfies the College of William & Mary's General Education Requirement (GER) 3. This course also carries the Cultures, Societies, and the Individual (CSI) knowledge domain attribute for the COLL curriculum.

About Myself

I grew up in Denver, Colorado and am a proud graduate of Iver C. Ranum High School. Unfortunately, my high school no longer exists. After I graduated, the Colorado State Department of Education shut it down because the standardized test scores of its students indicated that the school was academically ineffective. (Hmm, that might explain a lot.)

I received my Bachelor of Science in Accounting at the University of Denver in 1983. I was a very bookish, nerdy type of student – you know, the type you find in the library on a Friday evening – and decided to pursue a career where I would get paid to indulge my bookishness. I had taken a particular liking to economics, so I thought I'd take a shot at obtaining the credentials I would need to become an economics professor.

I stuck around a couple more years at the University of Denver to earn my Master of Arts in Economics degree in 1985 and then went on to earn my Ph.D. in Economics from the University of Michigan in 1990. I met my wife while at the U. of M., and it was love at first sight! Er, well, it least it was at my end. We got married the same year I received my doctorate, and she's managed to put up with me ever since. We have one son, who is now majoring in computer science and statistics at the University of Auckland.

After obtaining my doctorate, I worked as a visiting faculty member at Oakland University, located just outside of Detroit, while my wife was finishing up her doctorate. My wife then took a job as a research scientist at Brookhaven National Laboratory on Long Island, so I followed her east, first as a visiting faculty member at Bucknell University in Pennsylvania and then as a tenure-track faculty member at Dowling College on Long Island, where I started working in 1994. The happiest years of my adult life were the years spent on Long Island. Our son grew up there, and I loved my job at Dowling. Sad to say, things came crashing down in June, 2016, when Dowling had to close its doors due to financial difficulties. I then became an academic refugee, and the Department of Economics here at William and Mary graciously offered me asylum as a visiting faculty member.

My all-time favorite intellectual is Friedrich Nietzsche, an existentialist philosopher who wrote his last book in 1888, when he went insane. My favorite living intellectual is Kathleen Higgins, a philosophy professor at the University of Texas. I enjoy reading about philosophy and history, whenever I find the opportunity to do so. I will be spending much of my time browsing books over in Swem Library, especially in the vicinity of the "B" call numbers. If you come across me there, please do not hesitate to stop and chat. I do not mind the distraction at all. I will also be spending much of my time at the Student Recreation Center since, at my advanced age, I get achy bones if I do not work out regularly. You are more than welcome to join me on my workout circuit, provided you can resist the urge to laugh at the sight of me working out.

If, for some strange reason, you would like to know about the areas I have published in, just Google "Mark Greer Google Scholar", and a link to my Google Scholar profile should appear. As you will see, I have been a dilatant in a small number of disparate fields in economics. In other words, I am an expert at nothing.

Course Prerequisite

You need to have taken and passed ECON 101: Introductory Microeconomics at William and Mary, or its equivalent at another institution, in order to take ECON 102.

Text and Course Materials

The assigned textbook for the course is *Macroeconomics*, 4th edition by Paul Krugman and Robin Wells. If you wish to save a considerable sum of money on the textbook, you should consider purchasing instead the 3rd edition of this textbook, which is available in the highly competitive market for used versions of previous editions of textbooks. In fact, you can purchase it on-line, e.g. through Amazon, for about \$12, shipping included. The 3rd edition suits the course material just as well as the 4th edition, and you would not be handicapped by using it.

When you purchase the textbook, make sure its title is *Macroeconomics*, not *Microeconomics*. The publisher also publishes *Microeconomics* by Krugman and Wells, and its cover is identical to the textbook we will be using, except for an “i” replacing an “a” in the title.

You will need to bring to each class meeting a wifi-enabled cellphone, tablet or laptop computer that has a browser loaded on it. We will be using Poll Everywhere, an internet-based clicker technology for in-class practice problems we will be doing. The College covers your subscription to Poll Everywhere, so you do not have to pay for it. Further instructions on Poll Everywhere will be provided shortly.

Course Requirements and Grading

Course requirements consist of five regular exams and one cumulative final exam. The following weights will be given to the course requirements when your course grade is calculated:

Regular Exams	70% (14% each)
Final Exam	30%

The regular exams will not be cumulative, but the final exam will be. Detailed study guides for the examinations will be distributed in advance of each exam. Practice problems galore, self-tests and practice exams will be posted on the course website to help you prepare for the exams also. In addition, I will be posting a set of on-line tutorials, with embedded self-quiz questions, that was produced by a group of economics faculty here at William and Mary.

If your score on the final exam is higher than your lowest regular exam score, your score on the final exam will replace your lowest exam score. Please note that this can be done for only one regular exam score. See Course Outline and Reading Assignments for the dates of the exams.

If you are eligible for accommodations on examinations, please make arrangements with Student Accessibilities Services at least two weeks in advance of the first exam. They will provide such accommodations.

At the end of the semester, your weighted average course score will be calculated by applying the weights, listed above, to your scores on the exams. Your weighted average course score will then be converted to a letter grade using the following scale: 93% and higher = A, 90%-92% = A-, 87%-89% = B+, 83%-86% = B, 80%-82% = B-, 77%-79% = C+, 73%-76% = C, 70%-72% = C-, 67%-69% = D+, 63%-66% = D, 60%-62% = D-, and 59% and below = F. This grade scale will be applied strictly to all students and no exceptions or special favors will be granted.

ADA Accommodation Statement

William & Mary accommodates students with disabilities in accordance with federal laws and university policy. Any student who feels s/he may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact Student Accessibility Services staff at 757-221-2509 or at sas@wm.edu to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see www.wm.edu/sas

Missed Exam Policy

A student who misses a regular exam will receive a score of zero on it, and the student's score on the final exam would then replace the zero at the end of the semester. This accommodation will be made automatically in cases where students miss only one exam. In extenuating and uncontrollable circumstances, such as severe illness requiring medical attention or participation in College-sanctioned events precluding a student from taking an exam, a student may be allowed to have her/his final exam score replace a second missed regular exam score of zero. In these cases, the student must present documented and credible evidence of such extenuating and uncontrollable circumstances. Also, in cases where a student misses one exam due to documented extenuating circumstances and misses no other exams, that student will still be entitled to have his/her final exam score replace the lowest score on the regular exams she/he took if the latter is lower than the former.

The final exam is cumulative and mandatory. Make-up final exams will be available only in extraordinary circumstances with documentation from the office of the Dean of Students.

Opportunities for Extra Credit Work

No way! If Student A outperforms Student B on the common set of assessments, i.e., the exams, Student A deserves to be recognized with a higher course grade than Student B. If Student B were allowed to do extra credit, then he/she may end-up with the same or even a higher course grade than Student A, which would not be fair to Student A. This is not going to happen in my class. No way!

Drop/Add Deadline

If you find that you simply cannot tolerate looking at my bald head and big nose, listening to my creaky, Midwestern-accented voice, and being offended by my obnoxious personality, the deadline for drop/add is October 27.

Policy on Student Cheating

Use of any unauthorized outside sources when completing graded work will be deemed a violation of the College's Honor Code, and cases where this happens will be referred to the Honor Council.

Policy on Policy Implementation

The only fair way to apply policies is to apply them strictly. If there were any wiggle room at all in the implementation of policies, then some students would end-up getting sweetheart deals that other students do not get. This would not be fair. Policies in this course will be applied fairly. Beware of this.

Office and Office Hours

My office is 464 Tyler Hall, and I will hold office hours there from 11:00 – 12:00 on Mondays, Wednesdays and Fridays, and from 10:00-11:30 on Tuesdays and Thursdays. As those of you who have taken me before already know, I basically have an open door office hours policy. I prefer that students meet with me during my designated office hours, but it is not necessary that they limit themselves to these blocks of time. Normally, when I am in my office, even outside of office hours, I keep my office door open. I do that so that anyone so inclined can walk right on in and chat with me – no need to even knock. The exception to this practice is when I need to concentrate hard and think about something I am working on, in which case I keep my door closed. However, this does not happen very often, since I do not think very often.

Course Outline and Reading Assignments (Dates Tentative):

Reading assignments should be completed by the beginning of the week indicated, except for the first reading.

<u>Week of</u>	<u>Topic(s) and Reading Assignment</u>
Aug. 28	1. Introduction to the course. 2. Overview of macroeconomics Assigned Reading: Text, Chap. 6 (finish by Sept. 1).

Sept. 4 1. Gross Domestic Product: The measure of an economy's output of goods and services. 2. The Consumer Price Index: A measure of the cost of living. 3. Other price indices. 4. The circular macroeconomic flow of production, income and spending.
Assigned reading: Text, Chap. 7.

Sept. 11 1. Price indices, continued. 2. How inflation is measured. 3. The unemployment rate. 4. The types of unemployment.
Assigned Reading: Text, Chap. 8.

Sept. 18 1. Long-run economic growth.
Assigned reading: Text, Chap. 9.

Sept. 25 1. Saving, investment and the financial sector.
Assigned Reading: Text, Chap. 10.

*An optional extra help session, in which we will go over practice problems in preparation for the first regular exam, will be held from 6:00 p.m. until whenever on Tuesday, September 26, location TBA.

*The first regular exam will be held on Wednesday, September 27.

Oct. 2 1. The income-expenditure, or Keynesian, view on the determination of the state of the macroeconomy. 2. The spending multiplier.
Assigned reading: Text, Chap. 11, including appendix.

Oct. 9 1. The aggregate supply-aggregate demand view on the determination of the state of the macroeconomy.
Assigned reading: Text, Chap. 12.

Oct. 16 1. The macroeconomic impact of government spending and taxation. 2. The tax multiplier.
Assigned reading: Text, Chap. 13.

*Class will not be held on Monday, October 16.

*An optional extra help session, in which we will go over practice problems in preparation for the second regular exam, will be held from 6:00 p.m. until whenever on Thursday, October 19, location TBA.

*The second regular exam will be held on Friday, October 20.

Oct. 23 1. More on government spending and taxation.
Assigned Reading: Text, Chap. 13.

Oct. 30 1. Money and its relationship to the banking system. 2. The Federal Reserve.
Assigned reading: Text, Chap. 14.

*An optional extra help session, in which we will go over practice problems in preparation for the third regular exam, will be held from 6:00 p.m. until whenever on Tuesday, October 31, location TBA.

*The third regular exam will be held on Wednesday, November 1.

Nov. 6 1. More on the money supply and the Federal Reserve.
Assigned reading: Text, Chap. 15.

Nov. 13 1. Federal Reserve policy tools to influence interest rates and spending.
Assigned reading: Text, Chap. 15.

*An optional extra help session, in which we will go over practice problems in preparation for the fourth regular exam, will be held from 6:00 p.m. until whenever on Tuesday, November 14, location TBA.

*The fourth regular exam will be held on Wednesday, November 15.

Nov. 20 1. The channels through which monetary policy impacts the macroeconomy.
Assigned reading: Text, Chap. 15.

*Class will not be held on Wednesday, November 22 or Friday, November 24.

Nov. 27 1. International trade, exports and imports. 2. The relationship between international trade and international borrowing and lending.
Assigned reading: Text, Chap. 18. Note: If you are using the 3rd edition of the textbook, the corresponding chapter number is 19. All other chapter numbers are the same across the two editions.

*An optional extra help session, in which we will go over practice problems in preparation for the fifth regular exam, will be held from 3:00 p.m. until whenever on Sunday, November 26, location TBA.

*The fifth regular exam will be held on Monday, November 27.

- Dec. 4 1. More on the relationship between international trade and international borrowing and lending. Assigned reading: Text, Chap. 18. Note: If you are using the 3rd edition of the textbook, the corresponding chapter number is 19. All other chapter numbers are the same across the two editions.

An optional extra help session, in which we will go over practice problems in preparation for the final exam, will be held from 6:00 p.m. until whenever on Monday, December 11, location TBA.

The final exam for section 1 will be held from 2:00-5:00 on Wednesday, December 20.

The final exam for section 2 will be held from 2:00-5:00 on Thursday, December 14.

The instructor reserves the right to modify the order and dates of material covered and the dates of the regular exams, in cases where exigent circumstances require this to be done. Of course, any such changes will be announced in advance.