

William & Mary  
Department of Economics  
Principles of Macroeconomics (ECON 102-02)

Instructor: Enrique Valdes

Fall, 2022

E-mail: evaldes@wm.edu, **please use Blackboard "course messages" for anything concerning the course**

Website: [enriquevaldes.com](http://enriquevaldes.com)

Class Hours: M,W,F 8:00 AM - 8:50 AM

Class Room: Tucker Hall, Room 127A

Office: Chancellors Hall 425

Office Hours:

M, W, F 9:00-9:45 AM (Chancellors Hall Room 212)

M, W 1:00-1:45 PM (Chancellors Hall Room 218)

Teaching assistant (TA): Mairead Stack

Email: mcstack@wm.edu

TA office hours: Tuesday and Thursday 6:30-8:30 PM, Chancellors Hall Room 212

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## Course Description and Purpose

Thank you for registering to take Principles of Macroeconomics! I hope you are as excited to take this course as I am to teach it. In this course, we will study the behavior of the economy as a whole. For some of you, this may be the only course you take in the subject. It provides a solid foundation for economic analysis and thinking that can last throughout your education and subsequent professional careers. For others, this may provide a foundation for many years of study in economics, business, or related fields. In either case, the concepts you learn in this class will be applied in some form or fashion to your lives for years to come. Therefore, my goal in this class is to make sure that by the end of these sixteen weeks, you will have a solid foundation in macroeconomics. To achieve this goal, I will employ teaching strategies that are designed to increase your long-term retention of this material.

Why study Macroeconomics? We study Macroeconomics because we are interested in explaining broader issues that affect the economy as a whole. For example, issues like inflation, unemployment, and economic growth. While these issues affect the economy as a whole, the effects of these phenomena are undoubtedly felt by the people who make up the economy. A

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sound understanding of macroeconomics allows you to better understand economic events and developments. This understanding will be useful in many academic fields, careers, and in life.

## Learning Outcomes and Objectives

Upon successful completion of the course, the student should be able to do the following:

- Explain the basic premises and tools of economic thinking
- Explain the role of scarcity, specialization, and cost-benefit analysis in economic decision-making
- Describe business cycles, national income and product accounts, and the circular flow of income
- Define inflation and describe the main causes of inflation
- Use consumer price index to estimate the effects of inflation on prices
- Explain the differences between "labor force", "employment", and "unemployment"
- Explain how economic growth is measured and what are the factors that increase economic growth
- Analyze short-run macroeconomic fluctuations using the aggregate expenditures (Keynesian model)
- Utilize and construct the aggregate demand-aggregate supply model to analyze the economy
- Explain the role of money and banking in an economy
- Explain and analyze monetary policy and the role of the Federal Reserve
- Understand what government budgets consist of and describe the uses and implications of fiscal policy
- Explain the Phillips curve and the relationship it postulates between inflation and unemployment.
- Contrast adaptive expectations with rational expectations and describe their implications for policymakers
- Analyze the benefits and costs of international trade and globalization
- Examine exchange rates and the way they influence international trade

## Prerequisites

Principles of Microeconomics (ECON 101). Additionally, students are assumed to be familiar with basic algebra and graph representation. However, any math used in the course will be briefly reviewed.

## Required Materials

### Online homework system

- Achieve Access, Achieve is an online homework system for this course. Please sign up through [Blackboard](#). More information is available there.
- On-line access to the full text of *Macroeconomics: Principles for a Changing World* is included with the purchase of Achieve access, so students are not obligated to buy a physical copy of the textbook. All weekly homework and quizzes will be distributed and graded through Achieve, so you cannot pass this course without Achieve.

### Textbook

- The textbook for the course is Chiang, Eric; *Macroeconomics: Principles for a Changing World*; Worth Publishers; 5th edition.
- My lectures will follow the material in the textbook.

### Other necessary materials

- Paper and pencil/pen to take notes. You may want to bring different color pens because they will help you draw graphs.

## Course Structure

### Class Structure

- The class is meeting face-to-face three times a week for 50 minutes per class.

### COVID

- WM students who test positive for COVID-19 need to isolate and not attend in-person classes for at least five days. Unvaccinated or unboosted students also quarantine if they are identified as close contacts. Visit the CDC's [Quarantine & Isolation Guide and Calculator](#) for information
- Helpful resources
  - CDC COVID website <https://www.cdc.gov/coronavirus/2019-nCoV/index.html>
  - [W&M COVID-19 Information](#)

### Homework

- All weekly homework will be distributed and graded through Achieve. The two lowest online homework assignment scores will be dropped.

- Homework consists of 15-25 questions from each chapter. Homework will be assigned at the end of every chapter and must be completed by the due date and time which are posted on Achieve and Blackboard. You have **THREE** attempts to complete each question of the homework assignment. For each failed attempt on a question there is a 25% penalty for that question, i.e. if it takes you two tries to get the right answer for a question then you will only get 75% of the points allotted for that question.
- Make sure to save and submit the assignment once you have completed it. Homework assignments will not be reopened after the due date.
- Two of your lowest homework scores will be dropped. In case you do miss an assignment it will count as your lowest assignment and it will be dropped.
- Since the homework assignments are online, they are open-book and open-notes. However, a full understanding of the material will be needed in order to answer all of the questions. Correct answers will be released after the due date.

### LearningCurve

- Learning Curve is an adaptive quizzing system.
  - Your task is to score points by answering questions.
  - Once you reach the target score, you will receive full credit for completing the Adaptive Quiz
  - You must reach the target score to receive credit for the Adaptive Quiz
  - Questions get harder as you progress through the Adaptive Quiz, and you get more points for answering harder questions.
  - You do not lose points for answering incorrectly.
- The grading for each of these assignments is all or nothing, i.e. if you do not reach the target score you do not get credit for that chapter's LearningCurve assignment.
- For more information on LearningCurve [click here](#)

### Pre-class tutorials

- These are a series of brief videos to introduce you to the basics of the economic concepts before you arrive to class.
- You will answer questions to check your understanding.
- You have **THREE** attempts to complete each question of the Pre-class tutorials. For each failed attempt on a question there is a 25% penalty for that question, i.e. if it takes you two tries to get the right answer for a question then you will only get 75% of the points allotted for that question.

## Exams

- All exams are going to be composed of multiple-choice questions and all the exams will be cumulative. The final exam is given according to University rules during Finals Week. For this class the final is **December 19th, 2022**. Plan to be there; I cannot change the final exam date. Any rescheduling of the final exam should be approved by the Dean of Undergraduate Studies.
- There are five exams in total. You are required to take all the exams at the scheduled time. All exams are hard-copied exams taken in class.
- The first four exams will have 25 multiple choice questions and you will have the entire class to complete it, i.e. you have 50 minutes to complete the exams.
- The first exam is on September 19, 2022, and the questions will be almost evenly distributed across chapters 1, 5, and 6.
- The second exam is on October 10, 2022. About 25% of the questions will come from chapters 1, 5, and 6 while the other 75% of the questions will come from chapters 7-9.
- The third exam is on October 31, 2022. Around 10% of questions will come from chapters 1, 5, and 6, 15% of questions will come from chapters 7-9, and the other 75% of the questions will come from chapters 10-11.
- The fourth exam is on November 14, 2022. Around 3% of questions will come from chapters 1, 5, and 6, 7% of questions will come from chapters 7-9, 15% of the questions will come from chapters 10-11, and 75% of the question will come from chapters 12-13.
- The Final is cumulative, the day of the final is on April 25, 2022. The exam lasts 2.5 hours and it will have 75 questions. Around 5% of the question will come from chapters 1, 5, and 6, 5% of the questions will come from chapters 7-9, 10% of the question will come from chapters 10-11, 15% of the question will come from chapters 12-13, and 65% of the questions will come from chapters 14-16.
- **Make-up exams:** Unless you have a university-sanctioned schedule conflict there will be no make-up exams. If you think you have a university-sanctioned schedule conflict, please notify me at least two weeks before the exam. If you miss a midterm exam the final exam score will replace the missed exam score. If you miss a second midterm exam due to a **documented emergency** then we will deal with those situations on an individual basis. Any make-up exam will be different than the exam given in class. The level of difficulty will be more or less the same.

## Grading Policy

I will keep you posted on your progress in the course by posting your grades on Blackboard. If you have any questions or concerns about your grade, please contact me immediately. You should be proactive about your grades, and do not wait until the last minute.

## Incomplete grade Policy Statement

A student who has not completed all work due to exceptional circumstances, may, with the consent of the instructor, temporarily receive a grade of incomplete ("I"). It is the student's responsibility to make arrangements with the instructor to complete the work by a specified date (first full week of the upcoming semester for deferred examinations). "I" automatically becomes "F" if the work is not completed by the last day of classes of the following regular semester, or if the postponed work has not been completed satisfactorily by the date specified by the professor.

## Grade Calculation

The grade will be calculated using the following proportions:

- 44% of your grade will be determined by midterm exams, (i.e. the first four exams, each worth 11% of your grade)
- 25% of your grade will be determined by the final exam
- 17% of your grade will be determined by online homework (Achieve)
- 6% of your grade will be determined by LearningCurve online assignments (Achieve)
- 6% of your grade will be determined by online pre-class assignments (Achieve)
- 1% of your grade will be determined by goal setting and reflection surveys (Achieve)
- 1% of your grade will be determined by an introduction discussion post on Blackboard.

$$\text{Final Grade} = (\text{Midterm average} * .44) + (\text{Final Exam} * 0.25) + (\text{Homework Average} * 0.17) + (\text{LearningCurve} * .06 + (\text{Pre Class} * .06) + (\text{Reflection Surveys} * .01) + (\text{Intro. discussion post} * .01)$$

## Grading Scheme

Letter	Range	Letter	Range	Letter	Range
A	93.00 or above	B-	80.00- 82.99 %	D+	67.00- 69.99 %
A-	90.00-92.99 %	C+	77.00- 79.99 %	D	63.00- 66.99 %
B+	87.00-89.99 %	C	73.00- 76.99 %	D-	60 -62.99
B	83.00- 86.99%	C-	70.00- 72.99 %	F	59.99 or less

I reserve the right to curve the scale dependent on overall class scores at the end of the semester. Any curve will only make obtaining a higher letter grade easier.

## Weekly schedule

The schedule is tentative and subject to change.

Week	Date	Section
1	August 31, 2022 September 2, 2022	Introduction to Course Exploring Economics (Ch. 1)
2	September 5, 2022 September 7, 2022 September 9, 2022	No class (Labor day) Introduction to Macroeconomics (Ch. 5) Introduction to Macroeconomics (Ch. 5)
3	September 12, 2022 September 14, 2022 September 16, 2022	Measuring Inflation and Unemployment (Ch. 6) Measuring Inflation and Unemployment (Ch. 6) Measuring Inflation and Unemployment (Ch. 6)
4	September 19, 2022 September 21, 2022 September 23, 2022	<b>Exam #1</b> Economic Growth (Ch. 7) Economic Growth (Ch. 7)
5	September 26, 2022 September 28, 2022 September 30, 2022	Aggregate Expenditures (Ch. 8) Aggregate Expenditures (Ch. 8) Aggregate Expenditures (Ch. 8)
6	October 3, 2022 October 5, 2022 October 7, 2022	Aggregate Demand and Supply (Ch. 9) Aggregate Demand and Supply (Ch. 9) Aggregate Demand and Supply (Ch. 9)
7	October 10, 2022 October 12, 2022 October 14, 2022	<b>Exam #2</b> Fiscal Policy and Debt (Ch. 10) No class (Fall break)
8	October 17, 2022 October 19, 2022 October 21, 2022	Fiscal Policy and Debt (Ch. 10) Fiscal Policy and Debt (Ch. 10) Fiscal Policy and Debt (Ch. 10)
9	October 24, 2022 October 26, 2022 October 28, 2022	Saving, Investment, and the Financial System (Ch.11) Saving, Investment, and the Financial System (Ch.11) Saving, Investment, and the Financial System (Ch.11)
10	October 31, 2022 November 2, 2022 November 4, 2022	<b>Exam #3</b> Money Creation and the Federal Reserve (Ch. 12) Money Creation and the Federal Reserve (Ch. 12)
11	November 7, 2022 November 9, 2022 November 11, 2022	Monetary Policy (Ch. 13) Monetary Policy (Ch. 13) Monetary Policy (Ch. 13)
12	November 14, 2022 November 16, 2022 November 18, 2022	<b>Exam #4</b> Macroeconomic Policy: Challenges in a Global Economy (Ch.14) Macroeconomic Policy: Challenges in a Global Economy (Ch.14)
13	November 21, 2022 November 23, 2022 November 25, 2022	Macroeconomic Policy: Challenges in a Global Economy (Ch.14) <b>Remote class</b> No class (Thanksgiving) No class (Thanksgiving)
14	November 29, 2022 November 30, 2022 December 2, 2022	International Trade (Ch.15) International Trade (Ch.15) International Trade (Ch.15)
15	December 5, 2022 December 7, 2022 December 9, 2022	Open Economy Macroeconomics (Ch. 16) Open Economy Macroeconomics (Ch. 16) Open Economy Macroeconomics (Ch. 16)
16	December 12, 2022 December 14, 2022 December 16, 2022	No class No class No class
17	December 19, 2022	<b>Final exam (9:00am-12:00pm)</b>

## Key Dates

Classes start	Monday, August 31, 2022
Labor Day (No Classes)	Monday, September 5, 2022
Last day to add/drop	Tuesday, September 12, 2022
Fall Break (No Classes)	Thursday-Sunday, October 13-October 16, 2022
Last day to withdraw from a full-term course	Monday, October 31, 2022
Thanksgiving Break (no classes)	Wednesday-Sunday, November 23-27
Last day of classes	Friday, December 9, 2022
Final exam periods	December 12-16 and December 19-20
Final exam	Monday, December 19, 2022

## Course Policies

### Attendance Policy

- Class attendance is **required** for all scheduled class lectures. Invariably, students who miss classes fall to the bottom of the grading ladder. Reading the textbook is a complement to the lectures, not a perfect substitute for missing classroom lectures. The lectures may deviate from the textbook, and you can only be aware of the appropriate material if you attend the class. Some material in the textbook may be skipped in the lectures, while other material may be studied in more detail than is presented in the textbook. I will give examples, make clarifications, answer questions, and offer interpretations that may not be found in the textbook.

### Policies on Late Assignments

Late assignments will not be accepted and under no circumstances will make-up homework be allowed. A student who fails to complete the homework before the due date will receive a grade of "0" for the respective assignment or quiz. Deadlines are strictly enforced and are detailed on Achieve and Blackboard. Please be mindful of these dates, as they will not change.

I must be as fair as possible to everyone in this course. For that reason, I cannot accept late work. It would not be fair if some students are given extensions while others are not. Moreover, deciding who merits an extension would be an arbitrary process. There is no way of me knowing who is being honest with me and who is just trying to get an extension because they forgot to do their work. That being said to avoid all of these issues I have designed the course to take into account the fact that life happens and for whatever reason, you may miss an assignment or you have some issue where you do poorly on an assignment or test.

Here are the two main features of the course that are designed to help you just in case you miss assignments or do poorly on an exam

- Your lowest two lowest homework scores will be dropped. This also applies to your two lowest LearningCurve and Pre-class tutorial scores. That being said if you do miss a homework assignment it will not hurt you. However, if you miss more than two homework assignment your homework grade will suffer.



- As mentioned above, if you do better on the final exam than on one of the midterm exams the final exam score will replace the lowest exam score. Therefore, if you miss an exam the final will count twice and replace the missed exam grade.

### Extra credit policy

- **Extra credit assignments** will not be given on an individual basis, **so do not ask**. If and when extra credit is given the entire class will have the opportunity to get it. Usually, extra credit opportunities are available during the class. If you do not attend class then you may miss the extra credit opportunity.

### Technology policy

- I have a no laptop or cell phone policy. I find that although there are merits to taking notes on these devices they can cause a distraction. Sometimes even distracting those around you, which in economics is what we call a "negative externality" (You should have learned about this in your microeconomics course). Additionally, because my goal is to promote long-term retention of this material this is best done through taking notes with paper and pencil. Do not take my word for it look at the research below.
  - [Attention, Students: Put Your Laptops Away](#), NPR Article.
  - Mueller, P. A., & Oppenheimer, D. M. (2014). [The pen is mightier than the keyboard: Advantages of longhand over laptop note taking](#). *Psychological science*, 25(6), 1159-1168.
- I will allow students to use a tablet with a stylus to take notes. However, please make sure to sit towards the front row during class. If students are seen using the tablet for non-academic purposes during the class they will be asked to take notes with paper and pencil.

### Email policy

**Send all emails concerning anything going on in the course via Blackboard.** Just click on the course messages link and email me. Please use common courtesy when sending e-mails. Please allow 48 business hours for a response. E-mails will be checked periodically Monday-Friday from 9:00 AM – 5:00 PM. E-mails will not be checked on the weekends.

### Classroom etiquette

- Arrive on time.
- No food or beverages except for water.
- Please silence cell phones during class.
- Please do not wear headphones during the lecture. If you have a legitimate reason you need to wear headphones please let me know.

- If you need to use your cell phone for any non-academic purposes during class (i.e. social media, texting, checking voicemails, phone calls, etc.) please step outside of the classroom to do so.
- Please be respectful during the lecture. Do not make it difficult for those around you to learn by having sidebar conversations.

### **Exam etiquette**

This is a large class, which can make proctoring the exam difficult. I ask you to adhere to a few rules on exam days.

- You cannot leave the class once the exam has started unless you are finished. Once you leave the classroom you will have to turn in your exam. Please use the bathroom before coming to class.
- No graphing calculators or wireless devices are allowed on the exam, e.g. cell phones.
- Please remove smartwatches.

### **Academic Integrity and Honesty**

Students are required to comply with the William & Mary College policy on academic integrity found in the [The Honor Code](#). Cheating in exams, homework or any other assignment will not be tolerated. Students found cheating on an exam will be given a score of "0" and will not be replaced with the final exam grade. In addition, they will be reported to the relevant authorities of the university.

The pledge: "As a member of the William & Mary community, I pledge on my honor not to lie, cheat, or steal, either in my academic or personal life. I understand that such acts violate the Honor Code and undermine the community of trust, of which we are all stewards."

### **This course is accessible to students with disabilities**

William & Mary accommodates students with disabilities following federal laws and university policy. Any student who feels they may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact Student Accessibility Services staff at 757-221-2512 or [sas@wm.edu](mailto:sas@wm.edu) to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see [Student Accessibility Services](#).

### **Mental and Physical Well-Being**

William & Mary recognizes that students juggle different responsibilities and can face challenges that make learning difficult. There are many resources available at WM to help students navigate emotional/psychological, physical/medical, material/accessibility concerns, including:

- The W&M Counseling Center at (757) 221-3620. Services are free and confidential.
- The W&M Health Center at (757) 221-4386

- For additional support or resources questions, contact the Dean of Students at 757-221-2510.



- For a list of other [resources](#), available to students, see:

## **Acknowledgement of Indigenous Peoples as the Historical Custodians of the Land at William & Mary**

Like peer institutions around the country, William & Mary seeks formally to acknowledge the original Indigenous inhabitants of the state-owned land on which the Williamsburg campus resides, and has partnered with their present-day descendants to create appropriate language. After consultation and input from VA Tribal leaders in August 2020, President Rowe approved the following statement:

William & Mary acknowledges the Indigenous peoples who are the original inhabitants of the lands our campus is on today – the Cheroenhaka (Nottoway), Chickahominy, Eastern Chickahominy, Mattaponi, Monacan, Nansemond, Nottoway, Pamunkey, Patawomeck, Upper Mattaponi, and Rappahannock tribes – and pay our respect to their tribal members past and present.

For more information, please see <https://www.wm.edu/as/anthropology/research/centers/airc/land-acknowledgement/index.php>.

## **This Course was Designed with You in Mind**

### **Main additional resources that will help you pass the course**

- Office hours. Office hours are for you to come and ask questions about anything you are unclear about. Please come by during the specified times. We also have a TA in the course which you could go to with questions during their office hours.
- Achieve has plenty of videos, additional questions, and PowerPoint presentations
- There are great video tutorials on YouTube and [Khan Academy](#)

### **Tips to being successful in this course**

- Reading the chapter or going through the pre-class tutorials before class is necessary to understand the material.
- Take notes in class. Note-taking helps you process, organize, and retain information
- Vary the type of material studied in a single session. Improve your comprehension of challenging material by seeing it applied and presented in multiple ways.
- Ask questions, either during class or during office hours. If you do not seek my help it is difficult for me to help you.

- Make sure to complete the online homework. It accounts for a substantial portion of your grade.
- Space study time. Improve your comprehension of material by letting it sink in between multiple encounters with it.
- Practice drawing diagrams and writing equations. Don't just memorize images. Practice drawing them on your own while reading the textbook. Use diagrams and equations to think through new problems.
- Practice explaining economic concepts and logic. Talk about what you are learning to classmates, roommates, and family.
- The exams will challenge you to think critically so make sure to be prepared. An effective study strategy is to practice "recall", i.e. answering questions and checking if you got the question correct after you answered it. This can be done with flashcards or practice exams.

Some of the above tips were adapted from Bayer, Amanda, 2021. Diversifying Economic Quality. American Economic Association Committee on the Status of Minority Groups in the Economics Profession. <http://diversifyingecon.org>

### **This class's community is inclusive**

Students in this class represent a wide variety of backgrounds and perspectives. I am committed to providing an atmosphere for learning that respects diversity and creates inclusive environments in our course. While working together to build this community, I ask you to:

- Understand that we are bound to make mistakes in this space, as anyone does when approaching complex tasks or learning new skills. Strive to see your mistakes and others' as valuable elements of the learning process.
- Understand that your words have effects on others. Speak with care. If you learn that something you've said was experienced as disrespectful or marginalizing, listen carefully and try to understand that perspective. Learn how you can do better in the future.
- Take pair work, or small group work seriously. Remember that your peers' learning is partly dependent upon your engagement.
- Understand that others will come to these discussions with different experiences from yours. Be careful about assumptions and generalizations you make based only on your own experience. Be open to hearing and learning from other perspectives.
- I welcome any feedback on how I could make the course more diverse and inclusive. Please reach out to me with your suggestions.

### **We use each other's preferred names and pronouns**

Please let me know of your preferred or adopted name and gender pronoun(s), and I will make those changes to my records and address you that way in all cases.

I personally preferred to be called Enrique. If you want to refer to me as professor Valdes that is fine too.

### **Interested in a career in economics or in grad school?**

It is never too early to start thinking about what to do after college. An undergraduate degree in economics offers many opportunities. Below are a few websites from the American Economic Association that provide great information about careers and graduate school.

- [American Economic Association student resources](#)
- [American Economic Association careers website](#)
- [American Economic Association graduate school information](#)

### **Interested in majoring or minoring in economics?**

You may be interested in taking more courses in economics or even minoring or majoring in economics. Visit the department websites below for more information.

- [William & Mary undergraduate economics website](#)
- [William & Mary minor in economics](#)

### **Resources that you may find useful or that you will be better understand as a result of this course**

- [Greg Mankiw's Blog](#)
- You can get complete access to online content of major news publications provided by W&M Libraries ([Chronicle of Higher Education](#), [The Economist](#), [New York Times](#), [Wall Street Journal](#), [Washington Post](#)).
- [NPR Podcast- Planet Money](#)

**Please note: The syllabus is tentative and subject to change at the professor's discretion**