

# Principles of Macroeconomics, ECO202-006, Spring 2014

**Prerequisite:** Introductory Microeconomics, ECO201 or equivalent

**Instructor:** Mihai Paraschiv

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**Lecture:** Tuesday and Thursday, 3:30 - 4:45 p.m., BE Building, Room 209

**Office:** 335AB Business and Economics Building

**Office Hours:** Tuesday and Thursday, 2:30 p.m. - 3:20 p.m. or by appointment

**Course Website:** Blackboard Section of ECO202-006

## Course Objectives

The economic tools that you will master throughout this course are applied by managers in the business sector, policy makers in the government field and economic researchers in the academic arena. Additionally, with this knowledge in your backpack you will be able to critically analyze aspects related with domestic and international issues such as inflation, unemployment, monetary and fiscal policy, budget deficits, economic growth as well as international trade and finance. Students successfully completing this course should leave with a solid understanding of these macroeconomic concepts and their applicability to real world situations.

## Textbook and Course Materials

- The textbook that we will follow this semester is Macroeconomics by Hubbard and O'Brien (5th Edition, Pearson Publishing, 2014). This is an excellent book for the topics that we will cover and can be purchased at the bookstores. If you already have the 4th edition of this book you could use this one. **Note that you do not need My Econ Lab access.**
- Additionally, I will try, as much as the time allows, to link the topics discussed in class with articles from newspapers and magazines, videos as well as podcasts. You will find that these outside materials will help you immensely in understanding the real-world applications of the economic concepts discussed in class.

## **Course Outline**

### **Part 1. Macroeconomic Foundations**

- Ch. 8 - GDP: Measuring Total Production and Income
- Ch. 9 - Unemployment and Inflation
- Ch. 10 - Economic Growth, the Financial System and Business Cycles
- Ch. 11 - Long-Run Economic Growth: Sources and Policies

### **Part 2. Short-Run Fluctuations**

- Ch. 12 - Aggregate Expenditure and Output in the Short Run
- Ch. 13 - Aggregate Demand and Aggregate Supply Analysis

### **Part 3. Monetary and Fiscal Policy**

- Ch. 14 - Money, Banks and the Federal Reserve System
- Ch. 15 - Monetary Policy
- Ch. 16 - Fiscal Policy
- Ch. 17 - Inflation, Unemployment and Federal Reserve Policy

### **Part 4. The International Economy**

- Ch. 7 - Comparative Advantage and the Gains from International Trade
- Ch. 18 - Macroeconomics in an Open Economy
- Ch. 19 - The International Financial System

## **Evaluation Criteria**

Your final grade for the course is based on the following distribution: A: 90%-100%, B: 80%-89%, C: 70%-79%, D: 60%-69%, E: 59% and below. Grading will be based upon quizzes and homework assignments, two midterm evaluations and a cumulative final exam. Exam questions will reflect information and ideas presented in both class lectures and homework assignments. Therefore, if you attend class, pay attention and work hard on the assigned homework then you should be in good shape for the exam.

Task	% of Course Grade
Quizzes and Assignments	12*5+40=100 points (25%)
Exam I	100 points (25%)
Exam II	100 points (25%)
Final Exam (Cumulative)	100 points (25%)
Total	400 points (100%)

## Quizzes and Assignments

One of my goals for this semester is to encourage behaviors such as preparedness, attendance, attention, and participation. The concept of in class quiz is designed to facilitate this goal. Throughout the semester I will hand out approximately 16 short, in class, quizzes. **I do not** allow make-up quizzes since only the highest twelve will be considered towards the final grade. The quizzes will be based on the material discussed during that specific (maybe previous) class period and are worth 5 points each. Additionally, you will complete and turn in three homework assignments that, in total, are worth 40 points (one before each exam). These assignments are aimed at preparing you for the exam and will contain questions related with the chapters to be covered in the exam (e.g. if Exam 1 covers chapters 8, 9 and 10 the first homework assignment will contain questions from these three chapters). Typically these assignments are due the Thursday before each exam. **Absolutely no late quizzes and / or homework will be accepted.**

## Exams

There will be two midterm exams and a cumulative final exam each worth 100 points. Approximately 90% of the exams will be covered by multiple choice questions whereas the rest may be accounted for by short answer / essay type of questions. If you need to reschedule the final exam because of a conflict, university regulations require that you submit your request in writing to me **two weeks** before the date of the final exam. All exams will be held in BE209 unless otherwise notified. The tentative dates for the exams are as follows:

- Exam 1 - Tuesday, February 18
- Exam 2 - Tuesday, April 1
- Final Exam - Tuesday, May 6 at 1:00 p.m. - 3:00 p.m.

## **Makeup Exams**

Makeup exams are given only for excused absences or if the student has obtained the instructor's prior approval. If you miss an exam with an unexcused absence you will receive a zero for the exam. The University defines the following as excused absences: illness of the student or serious illness of a member of the student's immediate family; death of a member of the student's immediate family; University sponsored trips; or major religious holidays. In each foreseen case, written verification will be required at least one week before the scheduled exam and permission to miss an exam must be secured before the scheduled exam time unless the cause of the absence is unforeseen. **IF YOU MISS AN EXAM FOR AN UNFORESEEN REASON YOU SHOULD CONTACT ME AS SOON AS YOU CAN.**

## **Policy on Academic Accommodations Due to Disability**

If you have a documented disability that requires academic accommodations, please see me as soon as possible during scheduled office hours. In order to receive accommodations in this course, you must provide me with a Letter of Accommodation from the Disability Resource Center (Room 2, Alumni Gym, 257-2754, email address [jkarnes@email.uky.edu](mailto:jkarnes@email.uky.edu)) for coordination of campus disability services available to students with disabilities

## **Cheating**

Cheating is in no way tolerated at the University of Kentucky. Anyone caught cheating will be penalized severely. The minimum penalty is an "E" for the course. I require two stipulations to reduce the potential for cheating. You may not use a calculator during exams unless notified otherwise. Additionally, if you are found to have a cell phone out during an exam you will automatically receive a zero for that exam.

## **Course Expectations**

- **Being Prepared:** Students are expected to go through the notes from previous classes period before coming to the next. Believe me, it will ease your studying load significantly when

preparing for the exam. Moreover, it will keep you up to date with the concepts discussed in class as everything builds up on itself. **Please, do not be afraid to participate because of the class size. I fully encourage student participation and if you have a question, never let it go unanswered.** If you do not get the opportunity to ask your question during class, you could always stop by during office hours or contact me via electronic mail.

- **Being in Class:** I will not take attendance, however, consistent attendance is essential / imperative / crucial for acceptable performance in the course. From previous experience, I can tell you that students who came to class regularly fared off way better than those who did not. Some students find economic concepts difficult to grasp. Missing class will only make the process of absorbing this material more difficult. If you find yourself having problems with the material, I encourage you to come to me for assistance **as soon as possible.**
- **Being Courteous:**
  - If you do plan to attend class, be on time and please do not leave until class is dismissed. If you have a long walk to get to this class from another, let me know in advance. If nature calls so loudly that you must answer, please leave and return to the classroom as quietly as possible.
  - Please avoid carrying on private conversations during class. This behavior shows disrespect for your classmates who would like to hear the lecture and it can have a negative impact on the learning experience of the entire class.
  - Please turn on silent any cell phones, iPods, iPads, laptops etc. Please refrain from "texting" during class.
  - You may use laptops only for purposes of note-taking.

## **Grievance Procedure**

Anyone feeling that a dispute exists after the grading of an exam or quiz may submit a written grievance. The grievance should identify the item in dispute and provide arguments supporting the student's position. **Grievances must be submitted within two class periods following the return of the exam or quiz.** Attach your entire exam or on-line quiz to the grievance.

## **LEAP**

Is the Lab for Economic and Accounting Proficiency which provides free tutoring to students taking ACC201, ACC202, ECO201, and ECO202. The lab is located on the first floor of the Gatton College of Business and Economics in the computing center. Some tutoring hours are held in the lab and additional hours are held online. A schedule of the help room hours of operation will be distributed during the second week of class and may also be found on the course Blackboard website.

## **Blackboard**

All class related materials (announcements, handouts, practice problems, answer keys, etc.) will be posted on Blackboard. It is essential that you check this resource regularly for updates. **If you miss class, this is the first place to go to determine what you have missed and what you need to do to get "caught up".**