

ECONOMICS 111
PRINCIPLES OF MACROECONOMICS
Fall 2016

Instructor	Olena Staveley-O'Carroll, omykhayl@holycross.edu
Class meeting times	Section 6: TR 9:30–10:45 am, Stein 120
Required texts	<i>Principles of Macroeconomics, 6th Edition</i> by Frank, Bernanke, Antonovics, and Heffetz
Course material	Will be posted on Moodle
Office hours	MW 9:30–noon and 1:30–4:30 pm, and by appointment in Stein 540

COURSE DESCRIPTION AND OBJECTIVES

This course introduces you to the basic concepts of macroeconomics. We start by learning the fundamental principles that economists use to study individual, firm, government, and society choices. We then apply these principles to understand the workings of complex markets and, more importantly, the interconnections that exist between these markets. Finally, we will analyze the objectives and outcomes of government policies used to influence the functioning of the entire macroeconomy.

By taking this course, you will (1) understand how to interpret, compute, and analyze various macroeconomic variables; (2) study the drivers of long run output growth and short run economic fluctuations; (3) evaluate the impact of monetary and fiscal policy on economic and social welfare; and (4) learn to use key economic concepts, such as incentives and equilibrium, as a lens through which to view and analyze current economic events.

To be successful in this course you should expect to devote **no less than 10–14 hours each week** in-class, reading and studying the material, and preparing assignments.

ATTENDANCE

While I do not have a specific attendance policy, I **strongly recommend** that you attend each class. Some of the concepts can be challenging, with each lecture building on the material of the previous ones. Moreover, some of the information I will present in class is not available in the textbook; therefore, if you do not attend the class regularly, you will very likely struggle with the material and end up with a poor grade.

I ask that when you do come to class, you give your full attention to the lecture and the discussion. During class, you must **turn off your cell phone** and you must not engage in activities that could distract the class, such as reading the newspaper.

Please e-mail me in advance if you must miss class for any reason. It will be your responsibility to get the lecture notes and any assignments from your classmates. Moreover, since **I do not accept late assignments**, you should make arrangements to turn them in prior to the due date. There are no make-up exams; should an emergency prevent you from taking one or both of the midterms, your final exam grade will be re-weighted accordingly.

ANNOUNCEMENTS

I will maintain a mailing list that I will use to communicate with the whole class. While all announcements will be made first and foremost during class, you should check your HC email regularly to keep informed about reminders and clarifications.

ADDITIONAL READINGS

Throughout the course, I will post readings on the Moodle that will supplement the main text and will help in understanding the economic concepts we cover during the lectures. Reading these articles is **not optional**. I expect everyone to be able to participate when we discuss them in class, and I will assume you have read them when I write problems sets and exams.

You are also encouraged to regularly peruse publications such as *the Economist*, *the New York Times*, *the Wall Street Journal*, and *the Financial Times* to keep informed about current economic events.

GRADING

Your grade for the course will be determined by your performance on problem sets, quizzes, group presentations, and three exams.

Homeworks can be done in groups. However, each student is expected to turn in his/her individual work to get full credit. Please don't copy and paste each other's answers – be creative! Otherwise, I will take points off your work, and the one from which you copied it.

There are **no makeups** on any of the homeworks. It is your responsibility to submit each problem set on time. The deadlines for the homeworks are listed in the Lecture Schedule below.

I will drop your lowest homework score when calculating your grade for the class.

Pop quizzes: I will give five unannounced five-minute in-class assignments during the semester. The quizzes will cover the material from the previous lecture or the readings assigned for the day of the quiz. If you get the most of the answers right, you will get 2 points; otherwise, you will get 1 point for being present. No extra time is given to students arriving late; if you arrive more than 10 minutes late, I will automatically mark you as having missed the quiz.

Missed quizzes **cannot** be made up, unless you submit to me documentation for absences due to university-approved events (including, but not limited to, athletic events and course-related travel) or evidence of medical or family emergencies.

Exams will include multiple choice questions, short and long answer essay questions, and numerical and graphing problems which will emphasize the material covered in class, as well as assigned readings.

10-minute presentations will be prepared and presented by groups of three or four students during the last class of the semester. Each group will choose a topic (listed on the next page) early in the semester and then search for, compile, and analyze recent news related to it. You should use newspapers, magazines, academic articles, and/or credible online sources in your research. The groups will email me their draft presentations two days before the assigned date. Your grade for this project will be determined by your ability to link news material to the concepts and theories developed in class (similar to the extra credit projects described below).

Extra credit assignments can boost your overall grade. You may take advantage of up to **three** such opportunities. Each extra credit paper will add up to 20 points to one of your homeworks (even if you ace it and get 100 points). Each extra credit report is a one-page (typed, double-spaced) analysis of a recent article that relates to the topics covered in class.

I will grade your report on your ability to explain real world issues using the theories and terminology developed during lectures, and on the clarity of your exposition.

Please **do not** summarize the reading in your report; instead, you must attach a copy of the article with your submission. Suggested outline of the project looks as follows:

- “This article relates to [chapter A, the issue of B covered in lecture C, assigned reading D, theory E, etc.] because it addresses...”
- “The main thesis of the article seems to [directly apply, support, extend, contradict] the material covered in class, since...”
- “Reading this article helped me to better understand [topic A, real world issue B] by...”

You may pick articles from credible sources such as newspapers and magazines mentioned above or from academic journals. You may not use articles which are assigned as class readings.

The **deadlines** for the three extra credit papers are as follows:

Extra credit 1:	September 29
Extra credit 2:	October 27
Extra credit 3:	November 29

Project Weighting and Important Dates

Homeworks	25%	
Quizzes	5%	
Midterm exams (15% each)	30%	10/18 and 11/10
Presentations	5%	12/8
Cumulative final exam	35%	12/16, 3:00 pm

Final Grade Calculator, an Excel file available on Moodle, will help you track your current and/or expected progress during the semester.

Academic Honesty

All students are expected to **comply with the College’s Academic Honesty Policy**, which can be found here: <http://catalog.holycross.edu/node/1381#AHP>.

The penalty for scholastic dishonesty (including, but not limited to, receiving or giving help on exams, plagiarizing, or sabotaging another student’s work) in this course will be failure (grade of zero) on the entire assignment or exam.

Lecture Schedule

This schedule is approximate and subject to change. All chapters refer to the Frank, Bernanke, Antonovics, and Heffetz textbook. All readings (posted on Moodle and marked below as R1, R2, etc.) should be completed **before** the lectures for which they are assigned; the last pages of the syllabus provide additional details.

Sept. 1	Syllabus, Chapter 1 (Introduction)	Hmwk 1
Sept. 6	Chapter 2 (Comparative Advantage)	Ch. 2
Sept. 8	Chapter 2, cont'd (Trade)	R1, Hmwk 1 due
Sept. 13	Chapter 3 (Supply and Demand)	Ch. 3
Sept. 15	Chapter 3, cont'd (Supply and Demand)	Hmwk 2, Presentation groups
Sept. 20	Chapter 4 (GDP)	Ch. 4, R4
Sept. 22	Chapter 4, cont'd (GDP)	Hmwk 2 due, Topics due
Sept. 27	Chapter 5 (Inflation)	Ch. 5
Sept. 29	Chapter 5, cont'd (Inflation)	R6, Hmwk 3, Extra 1 due
Oct. 4	Chapter 6 (Unemployment)	Ch. 6, Hmwk 3 due
Oct. 6	Chapter 6, cont'd (Unemployment)	R7
	FALL BREAK	
Oct. 18	Midterm Exam 1 (Chapters 1-6)	
Oct. 20	Chapter 7 (Economic Growth)	Ch. 7, R8
Oct. 25	Chapter 7, cont'd (Economic Growth)	R9, Hmwk 4
Oct. 27	Chapter 9 (Money and the Financial System)	Ch. 9, R11, Extra 2 due
Nov. 1	Chapter 9, cont'd (Money, Financial System)	Hmwk 4 due
Nov. 3	Chapter 9, cont'd (Money, Financial System)	Hmwk 5
Nov. 8	Chapter 10 (Business Cycles)	Ch. 10, R12, Hmwk 5 due
Nov. 10	Midterm Exam 2 (Chapters 7, 9, 10)	
Nov. 15	Chapter 11 (A Model of Business Cycles)	Ch. 11
Nov. 17	Chapter 11, cont'd (A Model of Business Cycles)	
Nov. 22	Chapter 11, cont'd (A Model of Business Cycles)	R14-15, Hmwk 6, Extra 3 due
	THANKSGIVING BREAK	
Nov. 29	Chapter 12 (Stabilization Policy: Monetary)	Ch. 12
Dec. 1	Stabilization Policy: Fiscal	R16, Hmwk 6 due
Dec. 6	Stabilization Policy: Long Run Aspects	R17, Presentation drafts due
Dec. 8	Student Presentations	

Presentation Topics

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|------------------------------------|-----------------------------------|
| 1. Comp. Advantage and Int'l Trade | 4. Financial Markets and/or Money |
| 2. GDP, Inflation, Unemployment | 5. Business Cycles |
| 3. Long Run Economic Growth | 6. Fiscal or Monetary Policy |

Course Outline and Readings

Optional/additional readings are marked with an asterisk. **All other readings are mandatory.** Readings should be completed before the lectures for which they are assigned.

CORE ECONOMIC PRINCIPLES

Chapter 1. Thinking like an Economist

Chapter 2. Comparative Advantage and International Trade

1. Milwaukee Journal Sentinel (December 29, 2000). *The Unsettling Price of Low-Cost Clothes.*
2. Financial Times (March 31, 2012). *Corn Drive Set to Curtail Land for Soybeans.*

Chapter 3. Supply and Demand

3. The Augusta Chronicle (October 12, 2011). *Peanut Butter Prices Expected to Rise After Dry Summer, Poor Harvest.*

THE THREE KEY MACROECONOMIC INDICATORS

Chapter 4. Spending, Income, and GDP

4. The Wall Street Journal (June 8, 2014). *Sex, Drugs and GDP: the Challenge of Measuring the Shadow Economy.*
5. The Economist (April 30, 2016). *How to measure prosperity.*
- * The Guardian (December 1, 2012). *Gross national happiness in Bhutan: the big idea from a tiny state that could change the world.*

Chapter 5. Inflation and the Price Level

6. CNN Money (October 15, 2015). *No raise for 65 million on Social Security.*

Chapter 6. Wages and Unemployment

7. The Economist (August 30, 2014). *Fluid Dynamics.*
- * The Economist (January 18, 2014). *The Onrushing Wave.*

THE ECONOMY IN THE LONG RUN

Chapter 7. Economic Growth

8. Paul Krugman (1994). *The Myth of Asia's Miracle.* Foreign Affairs, 73, 62-78.
9. The Economist (January 12, 2013). *Has the Ideas Machine Broken Down?*
10. Financial Times (July 27, 2012). *How to Make South Africa's Economy Roar.*
- * Matthew Shane and Fred Gale (2004). *China: A Study of Dynamic Growth.* United States Department of Agriculture.

Chapter 9. Money, Prices, and the Financial System

11. The Economist (March 1, 2014). *Banking Without Banks.*
- * The Economist (January 22, 2009). *The Money-Go-Round.*

THE ECONOMY IN THE SHORT RUN

Chapter 10. Short-Term Economic Fluctuations

12. The Economist (December 30, 2008). *Diagnosing Depression.*
13. The Economist (September 11, 2008). *Redefining Recession.*

Chapter 11. Spending, Output, and Fiscal Policy

14. Daniel Yergin and Joseph Stanislaw (1998). *The Commanding Heights.* Excerpt on the Keynesian economic theory.

15. Daniel Yergin and Joseph Stanislaw (1998). *The Commanding Heights*.
Excerpt on the Chicago School.

Stabilization Policy

16. Paul Krugman (September 6, 2009). *How Did Economists Get it So Wrong?*
The New York Times.
17. George Goodman (1981). *Paper money*. Excerpt on the German
hyperinflation of 1923.

ASLR Workshops
Fall 2016

Managing Your Time for Academic Success

In this hands-on workshop you can learn to use professional tools and proven strategies to help you to make the most of your limited time. Topics include: The secret for success in a class that meets only two days each week, tips to divide and conquer your workload, and the reason seeing the BIG PICTURE is essential.

Choose ONE workshop date:

Wednesday, September 7	4:30-5:30PM	Hogan 406(7)
Monday, September 26	2:00-3:00PM	Hogan 401
Thursday, November 3	2:00-3:00PM	Hogan 406(7)
Tuesday, November 15	4:30-5:30PM	Hogan 304(5)

Control Your Test Anxiety

Do you worry about your grades because you get anxious when preparing for or taking tests? Learn to identify the causes of test anxiety—including what you can control and, therefore, change.

Wednesday, September 21	4:30-5:30PM	Smith Hall 201
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Increase College Success: An Introduction to Academic Support Services on the Hill

Are you ready to take advantage of all the academic resources that Holy Cross offers? This workshop will overview many of the services available to Crusaders, all designed to help you master your courses. Some of the resources featured include, tutoring services, the Writer's Workshop, and faculty office hours.

Monday, September 19	4:30-5:30PM	Smith Hall 201
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Success Strategies for STEM Classes!

Success in science, technology, engineering, and mathematics (STEM) courses requires effective problem-solving strategies, which you can explore in this workshop, along with proven ways to improve your memory, create a long-term study plan, and prepare for tests in your STEM courses.

Thursday, October 20	4:30-5:30PM	Hogan 402(3)
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"I Can't Remember What I Just Read!"

Learn strategies to focus your attention and get more out of the time you spend reading every day.

Choose ONE workshop date:

Tuesday, September 13	2:00-3:00PM	Hogan 401
Monday, October 24	4:30-5:30pm	Hogan 401
Tuesday, November 1	4:30-5:30PM	Hogan 320

Study Smarter, Not Harder!

Why is it so hard to remember what you just heard in lecture or just read in your text? Discover how applying “The Study Cycle” and other learning strategies can make your study time more effective.

Choose ONE workshop date:

Tuesday, September 27	2:00-3:00PM	Hogan 401
Wednesday, November 9	4:30-5:30PM	Hogan 406(7)

Re-Motivate & Finish the Semester Strong

What is preventing you from achieving your academic goals this semester? What motivates you when the going gets tough? Learn strategies to get and stay motivated so that you can make a strong finish to your semester in college.

Thursday, November 10	4:30-5:30PM	Smith Hall 210
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Seating for all ASLR workshops is limited

**To pre-register call 508-793-2713 or email souterso@holycross.edu or submit Google form
Be sure to provide your name and HC ID number**