

Economics 102, Principles of Macroeconomics
Iowa State Economics Department, Spring 2017
 2017-01-10

Instructor	Gray Calhoun (gcalhoun@iastate.edu)
Schedule	Tuesday and Thursday, 2:10–3:25 in FdSc 2432
Office hrs	Monday, 1:10–3:25 in 467 Heady Hall
Final exam	Monday, May 1, 12:00–2:00p in FdSc 2432
Homepage	http://gray.clhn.org/102
TAs	Raj Chandra (rchandra@iastate.edu) Timothy Keith (timkeith@iastate.edu) Jae Hyoung Kim (jhkim28@iastate.edu) Tianyang Zhang (tianyang@iastate.edu) Liyuan Ma (liyuanm@iastate.edu)
Help room	Heady 180. M–Thr 9–5 and F 9–4
Textbooks	
- Olney, M. L. (2011). <i>Macroeconomics as a Second Language</i> . Wiley. REQUIRED	
- Olney, M. L. (2009). <i>Microeconomics as a Second Language</i> . Wiley (optional reference to review material from 101)	

Welcome to Principles of Macroeconomics! This class has two main goals. It will train you to better understand global and national macroeconomic events (recessions, expansions, etc.), including the recent financial crisis and the current economic slump. And it will also give you the necessary background for future classes in Economics and Business.

Additionally, as part of the university’s Continuous Improvement Initiative, all sections of Econ 102 share the following learning objectives:

- (1) Students will learn the concept of “Gross Domestic Product” (GDP) and will be able to calculate the value of GDP by the expenditure approach, given values of GDP components.
- (2) Students will learn the concept of “Employment,” “Unemployment,” “Labor Force,” and “Not in the Labor Force” and will be able to classify an individual with given characteristics as “employed,” “unemployed,” or “not in the labor force.” Furthermore, students will be able to calculate the rate of unemployment.

1 Course structure and grades

Your course grade will be based on a mixture of independent reading and homework assignments, quizzes, and team activities that we will do in class. (It is similar to the *Team Based Learning* instructional strategy.)

Grade component	weight
<u>Individual performance</u>	
Quizzes (5) & final exam (1)	40%
<u>Team performance</u>	
Quizzes (6)	20%
Exercises (6)	40%

The weight of each of these components is listed in the adjacent table and a projected schedule for the semester is presented in the next column.

1.1 Quizzes and final exam. There is a multiple-choice quiz at the end of each major unit of material and a final exam at the end of the semester. The final exam is cumulative but has the same weight as one of the quizzes, so there are six in-class graded tests. The

Course schedule (tentative)	Date	Reading*
<u>Introduction</u>		
Orientation & overview	Tu 1/10, Thr 1/12	
1. Concepts and definitions		
Lectures	Tu 1/17, Thr 1/19	1 – 4
Individual and team quiz	Tu 1/24	
Team exercise	Thr 1/26	
2. Long-run growth		
Lectures	Tu 1/31 – Thr 2/09	5
Individual and team quiz	Tu 2/14	
Team exercise	Thr 2/16	
3. Short-run demand shocks		
Lectures	Tu 2/21 – Thr 3/01	6 – 10
Individual and team quiz	Tu 3/06	
Team exercise	Thr 3/08	
<i>Spring break 3/13–3/17</i>		
4. Monetary policy		
Lectures	Tu 3/21, Thr 3/23	11 – 13
Individual and team quiz	Tu 3/28	
Team exercise	Thr 3/30	
5. Prices and inflation		
Lectures	Tu 4/04, Thr 4/06	14 and 15
Individual and team quiz	Tu 4/11	
Team exercise	Thr 4/13	
6. International macroeconomics		
Lectures	Tu 4/18, Thr 4/20	16
Individual and team quiz	Tu 4/25	
Team exercise	Thr 4/27	
Final exam	M 5/01	

* The “reading” column refers to chapter numbers in *Macroeconomics as a Second Language*.

lowest score of these six will be dropped and your score will be the sum of your five largest scores. Yes, this means that you may skip the final exam if you are satisfied with your performance on the five previous quizzes.

The quizzes will cover material from lecture, from the textbook, and from additional homework questions. In particular, I will ask some of the textbook’s “TRY” review questions on each quiz, so make sure to solve and understand them.

1.2 Team performance. This course has two types of team activities. (1) Immediately after each end-of-section quizzes, you will retake the same quiz as a team. (2) In the class meeting following the quiz, you will work on a graded application of the material together as a team. Both of these activities are intended to deepen your understanding of the material.

All members of a team will be given the same score for these exercises, subject to two conditions:

- Students must be present to get credit for in-class application exercises.
- You will have two opportunities to give feedback on your teammate’s contributions to the team’s performance, and this will affect team performance scores. (The exact mechanism

will be announced early in the semester.)

We will assign students to teams in our first class meeting.

1.3 Determination of final grades. Course grades will be based on each student's standing in the overall distribution of total individual scores within the class. The actual impact of any score on an individual student's final grade depends on both his or her actual score and also how high or low he or she scores relative to other members of the class. The conventional practice of 90% is an A, 80% is a B, etc. simply does not apply.

2 University policies

2.1 Academic dishonesty. The class will follow Iowa State University's policy on academic dishonesty. Anyone suspected of academic dishonesty will be reported to the Dean of Students Office.¹

2.2 Disability accommodation. Iowa State University complies with the Americans with Disabilities Act and Sect 504 of the Rehabilitation Act. If you have a disability and anticipate needing accommodations in this course, please contact the instructor to set up a meeting within the first two weeks of the semester or as soon as you become aware of your need. Before meeting with the instructor, you will need to obtain a SAAR form with recommendations for accommodations from the Student Disability Resources,² located in Room 1076 on the main floor of the Student Services Building. Their telephone number is 515-294-7220 or email disabilityresources@iastate.edu. Retroactive requests for accommodations will not be honored.

2.3 Dead week. This class follows the Iowa State University Dead Week policy as noted in section 10.6.4 of the Faculty Handbook.³

2.4 Harassment and discrimination. Iowa State University strives to maintain our campus as a place of work and study for faculty, staff, and students that is free of all forms of prohibited discrimination and harassment based upon race, ethnicity, sex (including sexual assault), pregnancy, color, religion, national origin, physical or mental disability, age, marital status, sexual orientation, gender identity, genetic information, or status as a U.S. veteran. Any student who has concerns about such behavior should contact his/her instructor, Student Assistance⁴ at 515-294-1020 or email dso-sas@iastate.edu, or the Office of Equal Opportunity and Compliance⁵ at 515-294-7612.

2.5 Religious accommodation. If an academic or work requirement conflicts with your religious practices and/or observances, you may request reasonable accommodations. Your request must be in writing, and your instructor or supervisor will review the request. You or your instructor may also seek assistance from the Dean of Students Office⁶ or the Office of Equal Opportunity and Compliance.⁷

2.6 Contact information. If you are experiencing, or have experienced, a problem with any of the above issues, email academicissues@iastate.edu.

3 Additional reading recommendations

Students who enjoy this course may like the following books and articles too. The articles written by the "Nobel Prize Committee" are summaries of the research that won the Nobel Prize that year and are available for free online.

- Bernanke, B. S. (2013). *The Federal Reserve and the Financial Crisis*. Princeton University Press
 - Gessen, K. (2010). *Diary of a Very Bad Year: Confessions of an Anonymous Hedge Fund Manager*. Harper Perennial
 - Hansen, L. (2014). Nobel lecture: Uncertainty outside and inside economic models. *Journal of Political Economy*, 122(5):945–987
 - Harford, T. (2014). *The Undercover Economist Strikes Back: How to Run—or Ruin—an Economy*. Penguin Riverhead
 - Nobel Prize Committee (2003). Time-series econometrics: Cointegration and autoregressive conditional heteroskedasticity. *Nobelprize.org*
 - Nobel Prize Committee (2011). The art of distinguishing between cause and effect in the macroeconomy. *Nobelprize.org*
 - Nobel Prize Committee (2013). Trendspotting in asset markets. *Nobelprize.org*
 - Piketty, T. and Saez, E. (2014). Inequality in the long run. *Science*, 344(6186):838–843
 - Pólya, G. (1945). *How to Solve it: A New Aspect of Mathematical Method*. Princeton University Press
 - Rodrik, D. (2015). *Economics Rules: Why Economics Works, When It Fails, and How To Tell The Difference*. W.W. Norton & Company
 - This American Life (2008). The giant pool of money. Radio Program. Available online at www.thisamericanlife.org
 - Tetlock, P. E. and Gardner, D. (2015). *Superforecasting: The Art and Science of Prediction*. Crown
 - Tufte, E. R. (2006). *The Visual Display of Quantitative Information*. Graphics Press, 2nd edition
- The Economist* and *The Financial Times* are both excellent sources of economic and financial news as well.

¹<http://www.dso.iastate.edu/ja/academic/misconduct.html>

²<http://new.dso.iastate.edu/dr/student>

³<http://www.provost.iastate.edu/resources/faculty-handbook>

⁴<http://new.dso.iastate.edu/sa/>

⁵<http://www.hrs.iastate.edu/hrs/node/99>

⁶<http://new.dso.iastate.edu/>

⁷<http://www.hrs.iastate.edu/hrs/node/269>