

Syllabus

ECN 120 / Principles of Macroeconomics

Tuesday-Thursday, 12:55 pm - 2:20 pm, D-B 133
Section G, Fall 2019

Instructor	Todd Easton		Office Hours	
Office Phone	503-943-7209		Monday	10:30 am – 12:30 pm
Home Phone	503-234-2453		Tuesday	2:30 – 3:30 pm
Email	easton@up.edu		Thursday	2:30 – 3:30 pm
Office No.	Franz 312			or by appointment!

Course Description

This course, along with ECN 121, introduces you to economics. Economics is the social science that studies how economies work. Economies are the systems societies use to produce output and distribute output among their members.

Understanding economics is crucial. The economy of a society affects its members in fundamental ways. It affects their ability to provide for themselves and their families. It affects their ability to spend time with their children and volunteer. It affects the number of poor people, as well as the size of the gap between rich and poor. If you want to understand a society, understand its economy.

In particular, this course introduces you to a specific part of economics, macroeconomics. It aims to give you an excellent opportunity to gain a practical, up-to-date understanding of the forces that affect the health of the overall economy. For example, it introduces theories about what determines the level of total output and employment, as well as the rate of inflation. It explains the effects of monetary policy and fiscal policy. It also examines the determinants of exports, imports, and the exchange rate of our currency.

Learning Goals Addressed in this Course:

✓	Communication Competencies - each student writes summaries of two articles on macroeconomics
	Problem Recognition, Prioritization, and Decision Making Competencies -
✓	Ethics and Social Responsibility Competencies - examines income inequality & unemployment as social problems
	Leadership, Team and Personal Competencies –
✓	Business Knowledge Competencies – examines the determinants of interest rates and exchange rates

Course Objectives

By the end of the course, I aim for students to be able to:

- 1) Know the economic institutions and recent economic history taught in the course,
- 2) Explain and analyze the determinants of national output, the level of employment, and the rate of inflation.
- 3) Explain and analyze the fiscal, monetary, and growth policies used to improve economic performance.
- 4) Explain the factors causing inequality among groups, especially inequality in unemployment and earnings.

- 5) Kindle some personal interest in the macroeconomy, how it functions, or how it influences the lives of its citizens.
- 7) Understand newspaper and magazine articles written on macroeconomics and be able to apply class material to interpret such articles.

Readings

Our text is:

Paul Krugman and Robin Wells, *Macroeconomics*, 2012, 4th edition

Readings from the text are listed in the Course Calendar. Additional readings are listed too. To find them, click on the links in the electronic version of the Course Calendar on our Moodle site. I will keep that version of the Course Calendar up-to-date if timing or readings change.

Along with the text, you need access to an online resource called Launchpad. Access to Launchpad is included if you buy the text new. If you buy a used copy of the book, you should purchase Launchpad access separately.

Etiquette

Computer use and phone use in class distracts other students and me. Unless you clear it with me in advance, please do not use a laptop or a phone during class.

Course Requirements

Your course grade will be based on participation, on-line work (LaunchPad), written assignments, and exams. Each of these class elements is described below. Following those descriptions, I explain how your final grade will be calculated.

Participation

I expect and encourage all students to participate. *Fabulous* class participation is characterized by:

- doing assigned reading carefully;
- saying interesting things in response to reading, lecture, or other students' comments;
- asking questions to clarify points I make, or points made in the reading;
- contributing to our [General Forum](#) on Moodle;
- correctly answering questions I pose;
- attending class regularly and punctually;
- refraining from phone or computer use during class;
- responding promptly to my emails; and
- sharing relevant economic news.

A student who attends regularly, seems prepared and engaged, and contributes thoughtfully on a regular basis, will receive an A for participation. On the other hand, a student who misses many classes, seems unprepared, and never participates will earn an F.

Quizzes

To reward good class preparation, I will give brief reading quizzes during the semester. They will ask straightforward questions about important topics in the reading assigned for that class.

For each quiz, I will record the percentage of possible points you earn. When I calculate your grade on quizzes at semester's end, I will first throw out your two lowest scores. After that, I will calculate your average percentage correct. Averaging 90% will earn you an "A", 80% will earn you a "B," 70 % a "C," *et cetera*.

LaunchPad homework assignments

Most students find macroeconomics challenging. LaunchPad homework assignments will help you meet the challenge by providing frequent opportunities to practice using your new knowledge. They will also give me a way to monitor your progress between exams.

These homework assignments will generally be due on the Sunday after we complete a chapter, at 11 pm. For example, we will complete Chapter 6 on Thursday, August 29th. The homework assignment on Chapter 6 will be due at 11 pm, Sunday, September 1st.

For each homework assignment, LaunchPad records the percentage of the possible points you earn. When I calculate your grade on homework assignments, I will first throw out your lowest score. After that, I will calculate the average percentage correct for the remaining assignments. Your letter grade will be awarded based on the same curve described above for quizzes. I drop a score to take into account possible computer-related problems. Software and WWW access are seldom flawless. For example, if you cannot complete a problem set before the deadline because your computer crashes or the network goes down, dropping a score should protect your grade.

Article summaries

One course objective is for you to understand newspaper and magazine articles written on macroeconomics, and to interpret such articles with the aid of class material. Another is for you to kindle an interest in macroeconomics. To help you reach both objectives, you will read two articles on macroeconomics for the article summary assignments. These can be on ANY topic in macro with a connection to course reading or lecture. You will summarize each one and explain its link to reading or lecture. An assignment sheet for the article summaries will be provided later, along with a rubric I will use to evaluate the assignments.

Exams

The midterms and the final exam include will include a mix of multiple choice, short answer, and short essay questions. All exams will stress issues discussed in class, but about 10% of the weight will fall on material only covered in the reading. Because reviewing the entire semester of class will help solidify your grasp of the course material, the final exam will be comprehensive. To help you prepare, past exams are available on the class web site. Exams will be graded on a curve, with an “A” awarded to excellent exams, a “B” to good exams, a “C” to satisfactory exams, a “D” to poor exams, and an “F” to exams that fail to demonstrate any substantial understanding of the relevant content.

Calculating your grade

I describe below the system I plan to use to calculate your grade. I reserve the right to make changes in the system, after consulting the class, if I think it will increase the likelihood that students reach class objectives.

Your course grade will be a weighted average of your grades on seven class elements. The first box below shows each element and how it will be weighted in this average. Each element will be graded on a four-point scale; the second box shows how letter grades relate to that scale. Once I calculate the weighted average at the end of the semester, I translate it into a letter grade. The third box shows how I do this.

Weights for each class element	
Elements	Weights
Class participation	10%
Quizzes	10%
Homework	15%
Article summaries	15%
Midterm exam #1	15%
Midterm exam #2	15%
Final exam	20%
Total	100%

Grade	Number Equivalent
A+	4.3
A	4.0
A-	3.7
B+	3.3
B	3.0
B-	2.7
C+	2.3
C	2.0
C-	1.7
etc.	

Weighted Average	Class Grade
3.85 or higher	A
3.50 – 3.84	A-
3.15 – 3.49	B+
2.85 – 3.14	B
2.50 – 2.84	B-
2.15 – 2.49	C+
1.85 – 2.14	C
1.50 – 1.84	C-
etc.	

Course Calendar

Class	Readings, Topics, & Activities
1, Tues. Aug. 27	<p>K&W, Introduction -Economy, economics, market economies vs. command economies, microeconomics vs. macroeconomics</p> <p>K&W, Chapter 1, “First Principles,” pp. 5 18-20 -Spending and income, spending and productive capacity, government policies and spending</p>
2, Thur. Aug. 29	<p>Syllabus K&W Chapter 6, “Macroeconomics: The Big Picture” -Macroeconomic questions; theory & policy; business cycle: expansion, peak, recession, trough; long-run growth</p> <p>PBS NewsHour, “Is the U.S. really nearing a recession?”, Aug 15, 2019 -Inverted yield curve as a signal, possible recession causes</p>
3, Tues. Sept. 3	<p>K& W Chapter 7, “GDP and the CPI: Tracking the Macroeconomy,” pp. 191-205 -GDP: consumer spending, government purchases, investment spending, exports, imports; real GDP vs nominal GDP</p>
4, Thur. Sept. 5	<p>K& W Chapter 7, “GDP and the CPI: Tracking the Macroeconomy,” pp. 205-212 -Price indexes, CPI</p> <p>K&W Chapter 8, “Unemployment and Inflation,” pp. 217-221 -Unemployment, the unemployment rate, marginally attached workers, underemployed workers</p>
5, Tues. Sept. 10	<p>K&W Chapter 8, “Unemployment and Inflation,” pp. 221-233 -Growth and unemployment, the natural rate of unemployment: frictional, structural, and cyclical unemployment; changes in the natural rate of unemployment</p>

Class	Readings, Topics, & Activities
6, Thur. Sept. 12	K&W Chapter 8, “ Unemployment and Inflation ,” pp. 233-241 -Inflation rate; economic costs of inflation: shoe-leather, menu, unit-of-account; winners and losers; the cost of disinflation
7, Tues. Sept. 17	K&W Chapter 9, “ Long-Run Economic Growth ,” pp. 245-263, 270-273 (especially important: pp. 250-251, 258-262) -Real GDP per capita; labor productivity; output per worker; productivity growth: physical capital, human capital, technological progress; the information technology paradox; causes of differences in growth rates; the role of government Todd Easton, " Economic Growth and Greenhouse Gas Emissions " workbook, 2017 -Population, real GDP per person, emissions intensity, total emissions
8, Thur. Sept. 19	Income inequality over time: causes & consequences Candela Open Courses, “ Income Inequality: Measurement and Causes ,” 2014 (read just this page, except for the “Lorenz Curve” section, which you should skip.) -Quintile shares, household composition, supply and demand for high skill labor Steven J. Markovich, “ The Income Inequality Debate ,” Council on Foreign Relations Backgrounder, February 3, 2014 (read just the “Globalization and De-unionization” section) -Globalization and weakening private sector unions Brad Plummer, “ Is inequality bad for economic growth? ”, <i>The Washington Post</i> , December 5, 2013 -Investing too little in education, the financial crisis and the demand for cheap credit
9, Tues. Sept. 24	Midterm #1
10, Thur. Sept. 26	K&W Chapter 10, “ Savings, Investment Spending, and the Financial System ,” pp. 279-283, 293-307 -Identity between saving and investment spending, budget balance, net capital inflow -Financial assets vs. physical assets, the three tasks of a financial system, bonds, loan-backed securities, mortgage-backed securities, financial intermediaries, financial fluctuations, asset bubbles
11, Tues. Oct. 1	K&W Chapter 11, “ Income and Expenditure ,” pp. 317-332 -Multiplier, marginal propensity to consume, autonomous change in aggregate spending, consumption function, shifts in the aggregate consumption function, planned investment spending and the three factors influencing it
12, Thur. Oct. 3	K&W Chapter 11, “ Income and Expenditure ,” pp. 332-342 -Planned aggregate spending, income–expenditure equilibrium, the inventory adjustment as an economy moves to equilibrium, how an autonomous increase in planned aggregate spending raises equilibrium income

Class	Readings, Topics, & Activities
13, Tues. Oct. 8	K&W Chapter 12, “ Aggregate Demand and Aggregate Supply ,” (pp. 349-63, 367-368, 370-372) -Aggregate demand curve: the wealth effect and the interest rate effect, causes of shifts in aggregate demand, short-run aggregate supply curve: profit per unit of output and causes of shifts in short-run aggregate supply, potential output, how stabilization policy responds to demand shocks and supply shocks
14, Thur. Oct. 10	K&W Chapter 13, “ Fiscal Policy ,” pp. 385-397 -Fiscal policy, two kinds of government spending, expansionary and contractionary policy, three arguments against expansionary fiscal policy, discretionary fiscal policy vs. automatic stabilizers PBS News Hour, “ What You Need to Know Now that the GOP Tax Bill is Going to be Law ,” Dec. 20, 2017 -Key provision of the Tax Cuts and Jobs Act, key justifications for it
Oct. 14-18	Fall Vacation
Monday Oct. 21	Last day to take Article Summary #1 to a Writing Assistant for extra credit
15, Tues. Oct. 22	K&W Chapter 13, “ Fiscal Policy ,” pp. 397-412 -Budget balance as a measure of fiscal policy, the cyclically adjusted budget balance, the deficit and the debt, the debt-GDP ratio, implicit liabilities, austerity
Wednesday Oct. 23	Due: Article Summary #1 (under Easton's door by 4 pm)
16, Thur. Oct. 24	K&W Chapter 14, “ Money, Banking, and the Federal Reserve System ,” pp. 419-435 -Money as a medium of exchange, M1 and M2, the monetary role of banks, T-accounts, bank runs, deposit insurance, capital requirements, reserve requirements, lending and money creation, money multiplier
17, Tues. Oct.29	Midterm Exam #2
18, Thur. Oct. 31	K&W Chapter 14, “ Money, Banking, and the Federal Reserve System ,” pp. 435-450 -Federal Reserve System (Fed), federal funds market, federal funds rate, open market operations, saving and loan crisis of the 1980s, the financial crisis of 2008, leverage, balance sheet effect, vicious cycle of deleveraging, subprime lending, securitization, housing bubble
19, Tues. Nov. 5	K&W Chapter 15, “ Monetary Policy ,” pp. 455-463 -Money demand curve: the interest rate and the opportunity cost of money, factors shifting the curve; the money supply curve, liquidity preference model of interest rates

Class	Readings, Topics, & Activities
20, Thur. Nov. 7	<p>K&W Chapter 15, “Monetary Policy,” pp.463-472 (skim “The Taylor rule Method of Setting Monetary Policy,” pp. 459-460)</p> <ul style="list-style-type: none"> -Monetary policy and the interest rate; the Federal Open Market Committee and the target federal funds rate; how expectations about short-term interest rates affect long-term interest rates; how expansionary and contractionary monetary policy affect real GDP; inflation targeting; the zero lower bound problem <p>Todd Easton, "Monetary Policy, Bond Yields, and Interest Rates"</p> <ul style="list-style-type: none"> -How a change in the money supply affects bond prices, bond yields, bond interest rates, and the federal funds rate <p>CNBC, "Jerome Powell on Federal Reserve's decision to cut rates,” July, 31, 2019</p> <ul style="list-style-type: none"> -The Fed’s justification for its reduction in the federal funds rate (5 minute video)
21, Tues. Nov. 12	<p>K&W Chapter 16, “Inflation, Disinflation, and Deflation,” pp. 485, 491-500, 503-507</p> <ul style="list-style-type: none"> -The temptation of expansionary policies, the unemployment rate’s relation to the inflation rate (the short-run Phillips curve, the SRPC), factors shifting the SRPC: positive supply shocks and rise in inflation expectations, disinflation, deflation, expected deflation and monetary policy <p>Neil Irwin, “The Fed’s New Message: The Economy Can Get a Lot Better for Workers,” <i>NYT</i>, July 11, 2019</p> <ul style="list-style-type: none"> -The natural rate of unemployment seems to have fallen
22, Thur. Nov. 14	<p>K&W Chapter 17, “Crises and Consequences,” pp. 513-523</p> <ul style="list-style-type: none"> -The trade-off between rate of return and liquidity, shadow banking, maturity transformation, Lehman Brothers and losses due to declining prices of mortgage-backed securities, banking crises and financial panics
23, Tues. Nov. 19	<p>K&W Chapter 17, “Crises and Consequences,” pp. 523-535</p> <ul style="list-style-type: none"> -Why banking-crisis recessions are so bad, government actions to limit the damage from a banking crisis, the slow recovery from the financial crisis of 2008, the stimulus-austerity debate, regulation in response to the crisis (the Dodd-Frank bill)
24, Thurs. Nov. 21	<p>K&W Chapter 19, “Open-Economy Macroeconomics,” pp. 563-573</p> <ul style="list-style-type: none"> -Balance of payments account as summarized in Table 19-2, the sources of cash and the uses of cash ($CA + FA = 0$), capital flows to high interest rate countries and to rapidly growing countries
Monday Dec. 2	<p>Last day to take Article Summary #2 to a Writing Assistant for extra credit</p>
25, Tues. Nov. 26	<p>K&W Chapter 19, “Open-Economy Macroeconomics,” pp. 573-577</p> <ul style="list-style-type: none"> -Exchange rates: appreciation and depreciation, the effect of the exchange rate on exports and imports, the supply and demand model of the foreign exchange market, the equilibrium exchange rate, floating exchange rates

Class	Readings, Topics, & Activities
Wednesday Nov. 27	Due: Article Summary #2 (under Easton's door by 4 pm)
Nov. 28-29	Thanksgiving Vacation
26, Tues. Dec. 3	K&W Chapter 19, “ Open-Economy Macroeconomics ,” pp. 586-589 -Exchange rates and macroeconomic policy: how appreciation and depreciation affect aggregate spending
27, Thur. Dec. 5	Crucial Lessons Macroeconomics Teaches -Course review
Thur. Dec. 12	Final Exam, 8:00 – 10:00 am

University Policies and Resources

Code of Academic Integrity

Academic integrity is openness and honesty in all scholarly endeavors. The University of Portland is a scholarly community dedicated to the discovery, investigation, and dissemination of truth, and to the development of the whole person. Membership in this community is a privilege, requiring each person to practice academic integrity at its highest level, while expecting and promoting the same in others. Breaches of academic integrity will not be tolerated and will be addressed by the community with all due gravity.

Assessment Disclosure Statement

Student work products for this course may be used by the University for educational quality assurance purposes.

Accessibility Statement

The University of Portland endeavors to make its courses and services fully accessible to all students. Students are encouraged to discuss with their instructors what might be most helpful in enabling them to meet the learning goals of the course. Students who experience a disability are also encouraged to use the services of the Office for Accessible Education Services [AES], located in the Shepherd Academic Resource Center (503-943-8985). If you have an AES Accommodation Plan, you should make an appointment to meet with your faculty member to discuss how to implement your plan in this class. Requests for alternate location for exams and/or extended exam time should, where possible, be made two weeks in advance of an exam, and must be made at least one week in advance of an exam. Also, you should meet with your faculty member to discuss emergency medical information or how best to ensure your safe evacuation from the building in case of fire or other emergency.

Mental Health Statement

As a college student, you may sometimes experience problems with your mental health that interfere with academic experiences and negatively impact daily life. If you or someone you know experiences mental health challenges at UP, please contact the University of Portland Health and Counseling Center in Orrico Hall (down the hill from Franz Hall and Mehling Hall) at <http://www.up.edu/healthcenter/> or at 503-943-7134. Their services are free and confidential, and if necessary they can provide same day appointments. In addition, they make after-hours phone counseling available if you call 503-943-7134 and press 3 outside of business hours. Also know that the University of Portland Public Safety Department (503-943-4444) has personnel trained to respond sensitively

to mental health emergencies at all hours. Remember that getting help is a smart and courageous thing to do – for yourself, for those you care about, and for those who care about you.

The Learning Commons

The Learning Commons, located in the Shepard Academic Resource Center, houses the Writing Center, Math Resource Lab, Speech Resource Center, and the International Language Lab.

Writing: Go to www.up.edu/lrc/writing. If you cannot make any of the posted office hours, you can arrange an appointment by emailing writing@up.edu.

Math: Math assistants are available on a walk-in basis. Please go to www.up.edu/lrc/math for a current schedule of the hours math assistants are available.

Speech: Speech assistants are available to help with public presentations on a walk-in basis. Please go to www.up.edu/lrc/speech to find when speech assistants are available.

Group Process: Group process tutors are available on a walk-in basis. Please go to www.up.edu/lrc/groupprocess for a current schedule of tutor availability.

International Languages: Go to www.up.edu/lrc/languages/signup.

The Learning Assistance Counselor: He or she teaches learning strategies and skills that enable students to become more successful in their studies and future professions. The Counselor provides strategies to assist students with reading and comprehension, note-taking and study, time management, test-taking, and learning and remembering. Appointments can be scheduled on the [Learning Assistance Counseling page](#) of the UP website.

Academic Regulation Statement

Policies governing your coursework at the University of Portland can be found in the University Bulletin online, on the [University Academic Regulations page](#).

Pamplin School Honors Pledge

The Pamplin School **requires all students to include the following pledge and student signature(s) on all work (papers, exams, etc.) submitted to the professor** during the course of the semester (please place it on the front page of all submissions). If you are turning in a group paper, it is incumbent upon all members of the group to sign the pledge. This means every individual in the group is responsible for the integrity of the group's assignment. **Any paper turned in without the pledge and the appropriate signature(s) will be returned immediately to the student(s).** It will be left to the professor's discretion on whether to assess a penalty for late submission.

Honors Pledge:

As a student of the Dr. Robert B. Pamplin Jr. School of Business Administration I have read and will uphold the University's Code of Academic Integrity. I pledge on my honor that I have not given, received, or used any unauthorized materials or assistance on this examination or assignment. I further pledge that I have not engaged in plagiarism and have cited all appropriate sources.

Student Signature: _____