

INTRODUCTORY MACROECONOMICS

Econ 105, Section 004

Spring 2008

TR 11:00 am - 12:15 pm

Dane Smith Hall #125

PROFESSOR: Dr. Christine Sauer, Econ Bldg. #2005, 277-1963, sauer@unm.edu
Office hours: TR 2:30-4:00 pm or by appointment
Course homepage: <http://vista.unm.edu> – log in with your UNM NetID

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Office hours: TR 10:00-11:00 am or by appointment

COURSE OVERVIEW & OBJECTIVES: “*It’s the economy, stupid!*” This simple phrase, coined by a political strategist back in 1992, may come to describe “the” campaign issue in this year’s presidential election as well. After all, unemployment and inflation are up while stocks and the housing market are down, and many experts fear that the U.S. economy is slipping into a recession. The state of the economy affects everyone – from college students to senior citizens, from workers to business executives, from consumers to investors. In this course, you will develop a basic understanding of how the macroeconomy works and how it affects your everyday life. Some of the questions that we will tackle this semester are: What makes the economy grow over time? Why does it fluctuate from year to year? What can the government do to promote growth, reduce unemployment, and control inflation? Should we worry about rising federal budget deficits? What happens when the Fed decides to change interest rates? Is globalization good or bad for the U.S. economy? We will answer these questions through a combination of lectures, classroom exercises, take-home problem sets, and web-based instruction.

After taking this course, you will be able to: (1) identify, explain, and illustrate fundamental economic concepts; (2) define, calculate, and interpret major macroeconomic variables; (3) use the demand-supply model to illustrate and explain how shocks or policy changes affect a specific market or the economy as a whole; (4) analyze and interpret current economic issues, problems, and trends; (5) evaluate the pros and cons of different economic policy proposals.

REQUIRED COURSE MATERIALS: The required textbook is *Macroeconomics* by Paul Krugman and Robin Wells (Worth Publishers, 2006), bundled with the *Homework Advantage Activation Card* that gives you access to the publisher’s online homework system that we will use in this class. There are 3 options for purchasing these course materials:

1. Go to the publisher’s website (<http://ebooks.bfwpub.com>) to buy a 365-day subscription to the eBook-version of Krugman/Wells for \$49. You also need to buy a separate *Homework Advantage Card* from the UNM bookstore for \$23.75. **The total cost for this option is \$72.75.**
2. Go to the UNM bookstore to buy a used copy of the textbook for \$90.75 and the separate *Homework Advantage Card* for \$23.75. **The total cost for this option is \$114.50.**
3. Go to the UNM bookstore to buy a new copy of the textbook bundled with the *Homework Advantage Card*. **The total cost for this option is \$121.00.**

In addition to the textbook and access card, you are required to purchase an interactive *iClicker* from the UNM bookstore at a cost of \$35.50. The clicker will allow you to actively participate in class and receive instantaneous feedback about your level of understanding of key economic concepts. At the same time, it will allow me to monitor class comprehension and make sure that I have presented the material clearly.

OTHER MATERIALS: Supplemental course materials will be posted on the course homepage as needed. Links to various internet sources for economists are accessible via my homepage (www.unm.edu/~sauer).

Qualified students with disabilities needing appropriate academic adjustments should contact me as soon as possible to ensure their needs are met in a timely manner. Handouts are available in alternative accessible formats upon request.

COURSE REQUIREMENTS: There will be *four exams, three paper-and-pencil problem sets, twelve weekly online assignments, and daily clicker questions* (see course schedule below). Your final course grade is a weighted average of your performance throughout the semester and will be calculated as follows:

- Exams – best 3 of 4 (300 pts. = 60%): If you take all 4 exams, the lowest score will be dropped. Because of this policy, absolutely no make-up exams will be given! The exams will include multiple choice questions and short problems. Except for the final, the exams are formally non-cumulative (although the material builds upon itself).
- Paper-and-Pencil Problem Sets – total of 3 (60 pts. = 12%): These problem sets will be handed out in class and posted on the course homepage about one week before the due date. Problem sets received after the due date are subject to penalty points. The problems will be similar to those given on the exams. No make-up assignments will be given – so make sure that you don't miss any of these problem sets.
- Weekly Online Assignments – best 9 of 12 (90 pts. = 18%): These assignments must be completed online and will be graded automatically. They will be posted at least one week before the due date. If you submit all 12 online assignments, the three lowest scores will be dropped. All scores will be normalized to account for any difference in length across assignments. Note that the online homework system *does not* accept any submissions after the posted deadline (down to the exact second!), but you can change your answers as many times as you like before the due date.
- Daily Clicker Questions – best 20 sessions of the semester (50 pts. = 10%): There will usually be 2-4 clicker questions per class session. For each session, you can receive up to 50% of the available points for using your clicker (participation) and up to 50% for giving the correct answer (accuracy). If you participate in every single clicker session during the semester, the lowest scores will be dropped. The scores will be normalized to account for variation in the number of clicker questions across classes. In case you forget to bring your clicker to class or run out of battery power, you will receive the participation points for that session as long as you talk to me personally after class. Note that using another student's clicker is considered cheating.

Picture ID cards are required at all exams. Once an exam has started, students are expected to stay for at least the first 20 minutes. A student coming late to an exam may not be allowed to take it if any other students have already completed the exam and left the classroom. An unexcused absence from an exam will be counted as a failure. Prior notification of the instructor (by e-mail or phone) and a note from a dean or physician are required in case of illness or other serious incapacitating condition.

Cheating on an exam, problem set, or online assignment is a serious offense that may result in a reduced or failing grade for the work in question and/or for the course as well as notification of the appropriate UNM authorities. Please refer to the university's academic regulations and procedures for further information.

GRADING POLICY: Fractionalized grading (+ and -) will be used. There are 500 possible semester points. Cutoffs for final grades will be determined by the class distribution of total points at the end of the semester. However, an overall score of 90% (80%, 70%, 50%) will be sufficient but not necessary for a letter grade of A- (B-, C-, D-) in this course.

All students can earn up to 12 bonus points by completing some additional bonus point work. Details will follow in a separate handout. The bonus points you earn will be added to your total semester points, but cannot replace any other score.

GUIDED STUDY SESSIONS, EXAM REVIEWS & OTHER RESOURCES: Beginning on Friday, February 8, the teaching assistant will hold weekly guided study sessions. The purpose of these sessions is to give you the opportunity to ask questions about the material and work through more problems and examples in a small group setting. Attendance is *optional* but highly encouraged, especially if you are struggling with certain topics or concepts. The exact time and place for these study sessions will be announced later.

I will hold a brief in-class review before each exam. As long as there is sufficient student interest, extra exam reviews can also be scheduled outside the regular class time. If you are struggling with certain topics or concepts, the resources offered by the publisher's *free* companion website are a great starting point (<http://bcs.worthpublishers.com/krugmanwellsmacro>).

If you cannot make any of these study or review sessions, one-on-one help is always available from your instructor and the TA during office hours. You can also get free tutoring for this course through the Center for Academic Program Support (CAPS) on the 3rd floor of Zimmerman Library – please visit their website (<http://caps.unm.edu>) or call 277-7205 for more information.

OTHER INFO: Regular class attendance is critical to your doing well in this class since the exams, problem sets, and online assignments draw on material covered in the lectures as well as in the book. You are expected to have read (perhaps quickly) the assigned chapter sections before coming to class. I suggest that you re-read the assigned readings and go through your notes after each class to solidify your understanding of the topic. Occasionally, I will ask you to write a quick, anonymous “minute paper” in class to reflect upon what you’ve learned that day and which concepts you’re not quite sure about.

To succeed in this class, you will need to put in a significant amount of work and effort. In addition to class time, you should budget at least another 6 hours per week for this course – there is a positive correlation between study time and grade earned. Cramming is *not* an effective method of learning economics (or any other subject)! It is much more important that you solidify your knowledge by using and applying the concepts and tools covered in this class. “Learning by doing” is the best way to do so – that’s where the daily clicker questions, the weekly online assignments, and the problem sets come in. Think of them as your regular economics workouts! Stay on top of things, review your notes regularly, and bring your questions to class, office hours, or ask them by e-mail. Active class participation is encouraged! You are also encouraged to follow current events by reading a major newspaper (e.g., *Wall Street Journal*, available at Parish Library or by subscription – go to www.wsj.com/student) and/or following the economic news on TV or the internet.

COURSE SCHEDULE

W e e k	Class meets	Topic(s)	Activities	Due Dates Other Important Dates
1	Jan 22 & 24	Basic Concepts	Read Introduction & Chap. 1 Register for Homework Advantage Center	Nothing due
2	Jan 29 & 31	Economic Models	Read Chap. 2 & Appendix Submit Online #1	Mon, 1/28 – Online #1 due Fri, 2/1 – last day to add/change sections
3	Feb 5 & 7	Demand & Supply	Read Chap. 3, pp. 56-63 Submit Online #2 Register <i>iClicker</i>	Mon, 2/4 – Online #2 due Fri, 2/8 – guided study sessions start
4	Feb 12 & 14	Demand & Supply	Read Chap. 3, pp. 63-78 Submit Online #3 Submit Problem Set #1	Mon, 2/11 – Online #3 due Thu, 2/14 – PS #1 due Fri, 2/15 – last day to change grade options
5	Feb 19 & 21	Demand & Supply	Review Chap. 1-3 for exam Submit Online #4	Mon, 2/18 – Online #4 due Thu, 2/21 – Exam #1
6	Feb 26 & 28	Introduction to Macro	Read Chap. 6	Nothing due Fri, 2/29 – last day to drop without grade
7	Mar 4 & 6	Macro Variables	Read Chap. 7 Submit Online #5	Mon, 3/3 – Online #5 due
8	Mar 11 & 13	Financial System	Read Chap. 9 Submit Online #6	Mon, 3/10 – Online #6 due
9	no classes		SPRING BREAK	
10	Mar 25 & 27	AD/AS Model	Read Chap. 10 Submit Online #7 Submit Problem Set #2	Mon, 3/24 – Online #7 due Thu, 3/27 – PS #2 due
11	Apr 1 & 3	AD/AS Model	Review Chap. 6-7, 9-10 for exam Submit Online #8	Mon, 3/31 – Online #8 due Thur, 4/3 – Exam #2
12	Apr 8 & 10	Fiscal Policy	Read Chap. 12	Nothing due
13	Apr 15 & 17	Money	Read Chap. 13, pp. 331-334 Submit Online #9	Mon, 4/14 – Online #9 due Fri, 4/18 – last day to drop w/out Dean's approval
14	Apr 22 & 24	Fed & Monetary Policy	Read Chap. 13, pp. 334-338 Read Chap. 14, pp. 342-354 Submit Online #10	Mon, 4/21 – Online #10 due
15	Apr 29 & May 1	Monetary Policy	Read Chap. 14, pp. 354-364 Submit Online #11 Submit Problem Set #3	Mon, 4/28 – Online #11 due Thu, 5/1 – PS #3 due
16	May 6 & 8	Review	Review Chap. 12-14 for exam Submit Online #12	Mon, 5/5 – Online #12 due Tue, 5/6 – Exam #3 Fri, 5/9 – last day to drop w/ Dean's approval
17	May 13	Everything	Review all material for cumulative final exam	Tue, 5/13 – Exam #4 (12:30-2:30 pm in DSH #125)