ECO 152 The Macroeconomy

Old Main 211, MWF 2:00-3:00 PM

Westminster College Spring 2012

Professor Rotua Lumbantobing
Office: Old Main 225
Office Hours: MTWR 3:00-4:00 PM or by appointment
Phone: 724-946-6061
E-Mail: lumbanr@westminster.edu
Class Webpage: My.Westminster, ECO 152 01

Course Description and Objectives

ECO 152 is intended to be an introduction to macroeconomic analysis. In this course, you learn about basic economic indicators, notably the gross domestic product; unemployment rates; and inflation rates; and use them to understand the causes of and patterns in economic growth, employment, consumption, and other economic activities, and how they are related to each other. In addition, the roles of the federal government and the Federal Reserve System in stabilizing the economy are evaluated. Elementary Keynesian, monetary, classical and supply-side theories are discussed, along with the impact of international trade on macroeconomic variables.

My goal in this course is that by the end of the semester you will have acquired the following:

1) the ability to explain each of the aforementioned basic macroeconomic indicators, how they fluctuate, and their limitations;
2) the ability to use them individually and together to examine a range of important public policy issues, some of which will be controversial and should spark debate;
3) the ability to analyze important policy issues relevant to the economy, such as economic growth, national debt, environmental issues, and income inequality;
4) and the ability to use macroeconomic analysis to better understand your personal decision making, current events, and public policy issues.

By signing up for this course, you have accepted the responsibility of being an active learner. *If you are not open to new ideas and/or are not committed, expect your grade to reflect this.* While I will not hesitate to give a poor grade when your performance indicates that you have not learned the material, I want to see everyone do well. Thus, I will do my best to help you understand the topics and do well on the exams. I realize that you have a busy schedule and often face difficulty in getting in enough time to study. This makes it all the more important to get involved while you are here.

Required Text

- Rittenberg, Libby, and Timothy Tregarthen. Principles of Economics. Irvington, NY: Flat World Knowledge, 2009. (ISBN: 9781936126019)

- **Recommended Reading:** *The Economist*, a weekly international news magazine. You should also try to read a newspaper with national coverage of macroeconomic issues and policies. Good choices include the *Washington Post* and the *New York Times*.

- Additional readings will be posted on My.Westminster.

Attendance

Attendance in my class is not required but highly recommended. Though the textbook is required and is instrumental in conveying the knowledge I plan to teach, it alone will not guarantee success. Attending class, having read the necessary sections of the text ahead of time, as well as completing all work assigned is the best formula for being successful in my class. I hope you all will take that to heart.

Conduct

I expect you to conduct yourself with professional courtesy in the classroom. Avoid carrying on private conversations during class. Turn off all cell phones, pagers, etc. If you are unable to turn off these electronic devices, please have them on mute or leave them at home.

I am intolerant of academic dishonesty or any type of disrespectfulness. Cheating will result in fullest consequences possible according to the College governance. Please review pages 71-75 of the 2011-2012 Westminster College undergraduate catalog accordingly.

Disabilities

Westminster College actively strives for the full inclusion of all our students. Students with disabilities who require access solutions for environmental or curricular barriers should contact Corey Shaw, Director of Disability Resources, located in 209 Thompson-Clark Hall (Phone: 724-946-7192, E-mail: shawcj@westminster.edu).

Assessment

Course outcomes will be assessed through media assignments, quizzes, exams, and a term project. To get the most out of this course, it is essential to do the assigned readings from the text before each class. In addition, we will use news sources (see Recommended Reading list above) and news clips regularly to stimulate class discussion, create a connection between economic concepts and the real world, increase local and global awareness, and to spur critical thinking in general. To that end, five writing assignments based on articles from the reading list will be assigned during the semester. More details will be given as the semester progresses.

There will be in class quizzes; most of them will be done in a group format. ***Some quizzes will be announced while others will come to you as a surprise.*** There will be 13 quizzes worth 10 points each, of which only the ten highest scores will count. Since up to three quizzes may be dropped, ***no make-up quizzes will be given***.

There will be three exams given; each is a mixture of multiple choice and short analytical questions. Each exam covers only the material presented after the previous exam; however, the topics in this course "build" on each other such that the exams can be considered comprehensive in nature. Calculators are allowed in all exams; however, you cannot share with any of your classmates. In addition, you cannot use your cell phone as a calculator.

Make-up exams will be given at my discretion and only for excused absences, as outlined in the Westminster College undergraduate catalog under Student Regulations – Class Attendance and Excused Absences. Unexcused absences for exams will result in a zero for that exam.

The majority of topics will focus on the U.S. economy. However, globalization means that no country can function in autarky. To this end, a group term project will be assigned to evaluate countries in terms of economic growth, monetary policies, and fiscal policies, especially in the context of the Great Recession and the ongoing economic crisis. (Some parts of this project will be completed in media assignments.) Each group will present its findings at the end of the semester. More details will be discussed in class.

Your course grade will be based on the following evaluations:

Media assignments	100 points
Group project	100 points
In-class quizzes	100 points
Exams	300 points
TOTAL	600 points

Grading Scale:

561 ≤ A ≤ 600	495 ≤ B < 525	435 ≤ C < 465	375 ≤ D < 405
537 ≤ A- < 561	477 ≤ B- < 495	417 ≤ C- < 435	357 ≤ D- < 375
525 ≤ B+ < 537	465 ≤ C+ < 477	405 ≤ D+ < 417	F < 357

Numerical grades will be rounded up to the next whole number if the fractional value is 0.50 or greater, and rounded down to the next whole number if the fractional value is 0.49 or less.

Grades will not be curved!!

An Incomplete grade will be given on a case by case basis as I determine. It cannot and will not be used as a substitute for an F when the student's performance in the course is deserving of failing.

Opportunities for Extra Credit

Class participation is an important component of learning. However, I realize that not everybody is outspoken. Therefore, extra points will be given for participating in class discussions. These points are based on your understanding of the course materials and ability to apply them on current events, public policy issues, or relevant personal situations. These may be shown through class discussions, particularly by asking questions, making comments, noting personal

observations, and answering my questions, all of which should be pertinent to the topic discussed at the time.

Tentative Course Outline (subject to revision)

Chapter	Title	Pages	
1	Intro to Economics	7	22
2.2	The Production Possibilities Curve	30	40
21	Measuring Total Output & Income	521	540
20	Macroeconomics: The Big Picture	495	516
3	Demand and Supply	57	83
22	Aggregate Demand and Aggregate Supply	545	569
23	Economic Growth	575	593
	Exam 1: Feb 20		
24	The Nature and Creation of Money	597	617
25.2	Demand, Supply, and Equilibrium in Money Market	628	638
26	Monetary Policy and the Fed	643	663
27	Government and Fiscal Policy	669	686
28.1	Determining the Level of Consumption	691	698
31	Inflation and Unemployment	769	788
	Exam 2: Mar 30		
32	Brief History of Macroeconomic Thought & Policy	793	815
2.3	Applications of the PPC	40	50
17	International Trade	421	440
30	Net Exports and International Finance	743	763
33	Economic Development	819	839

Important Dates

Monday, February 20	Exam 1
Monday, March 5 – Friday, March 9	Spring Break
Friday, March 30	Exam 2
Friday, April 6 & Monday, April 9	Easter Break
Tuesday, April 10	There will be class!
Wednesday, April 25	Undergraduate Research Symposium – No Class
Friday, May 11	Exam 3 (8:00-10:30 AM)