

PRINCIPLES OF MACROECONOMICS (ECON 206)

Buena Vista University, Fall 2010

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Office Hours: Tuesday 9:30-11:00am, Wednesday 1:00-3:00pm, Thursday 9:30-11:00am

This syllabus represents the constitutional contract between student and instructor. Please read it carefully and sign the last page to indicate understanding and agreement. Minor changes may be made at the instructor's discretion.

COURSE DESCRIPTION

Catalog Description: A study of the aggregate economic variables including determination of Gross Domestic Product, fiscal policy, monetary policy, growth and stagnation theory.

Expanded Description: Macroeconomics attempts to simultaneously analyze the markets for many goods, instead of analyzing individual markets (as in microeconomics). To perform this analysis, aggregate measures of economic output are constructed, such as Gross Domestic Product. This course is separated into two halves, which examine GDP in different ways. The first half examines economic growth, the change in GDP over time, and why countries do or don't experience growth. The second half examines economic cycles, the short-term fluctuations in GDP, and theories of the causes and cures of these cycles.

PREREQUISITE

ECON 205: Microeconomics

READINGS

The main textbook is *Modern Principles: Macroeconomics* by Tyler Cowen and Alex Tabarrok. The authors also maintain a blog at <http://www.marginalrevolution.com/>, which is a good tool for following current economic news. The second required book is *From Poverty to Prosperity* by Arnold Kling and Nick Schulz. Additional readings are listed in the Course Outline below.

ATTENDANCE

Regular attendance is expected, and many elements of your grade can only be obtained by attending class. While there is no separate attendance component of your grade, the reading quizzes serve as a close substitute.

GRADES

Midterm and Final Examinations (30% each): There are two examinations, based primarily on material covered in lectures, as well as the assigned readings. Makeup exams are only given for extreme, unforeseeable circumstances such as medical or family emergencies.

Quizzes (10%): Quizzes will not be announced in advance, but it is in your interest to expect one every class. They will be very short and cover the assigned readings for the day. No makeup quizzes will be given, but your lowest score will be dropped.

Homework (10%): Four homework assignments are to be completed over the course of the semester. Due dates are listed in the course outline. Late assignments incur a penalty of 10% plus an additional 2% for each 24-hour period.

Economic Growth Seminar (10%): On October 14th, we will have a seminar discussion on the sources of economic growth. The class will be divided into small groups, and each group will make a case for a policy to promote economic growth in poor countries. You will be graded by your classmates and by me. Group assignments and details on grading will be given in class.

Country Comparison Presentations (10%): On November 23rd, the small groups from the Economic Growth Seminar will give brief presentations. In these presentations the groups will choose two countries that are similar in most respects, but have had different records of economic growth. As with the Seminar, you are graded by your classmates and by me.

The grading scale is:

≥ 90%	A
≥ 80%	B
≥ 70%	C
≥ 60%	D (lowest passing grade for P/NC)
< 60%	F

NOTICES

Academic Honesty: As stated in the Academic Catalog, “Buena Vista University believes that personal integrity and academic honesty are fundamental to scholarship. . . . Any attempt to cheat, misrepresent someone else’s work as one’s own, receive credit for work one did not do, obtain an unfair advantage over other students, or aid another student to do the above will be considered a breach of academic integrity.” This statement is taken seriously in this class. You are encouraged to read the academic honesty policy in the Academic Handbook (page 20-22, <http://www.bvu.edu/academics/catalog/>), though most of this is common sense to a responsible adult such as yourself. Violations result in a failing grade for the course.

Disability Accommodations: BVU complies with Section 504 granting accommodations for students with disabilities who have appropriate documentation. If you have a disability, contact the Director of the Center for Academic Excellence for assistance or to fill out paperwork requesting accommodations. Also please see me in private within the first week of class.

Laptop Policy: Laptops are only permitted in class for note-taking purposes, unless otherwise instructed during lecture.

COURSE OUTLINE

Date	Topic	Readings (to be read <i>before</i> class)	Assignments Due
August	31	Introduction	
September	2	Micro Review	
	7	Micro Review II	
	9	Gross Domestic Product	
	14	Economic Growth in the Long Run	
	16	Long-Run Growth II	
	21	Capital Accumulation	Homework #1
	23	Innovation and Ideas	
	28	Economic Freedom and Institutions	
	30	Economic Freedom II	
October	5	Entrepreneurship	
	7	Financial Markets	
	12	Stock Markets	
	14	Economic Growth Seminar	Homework #2
	19	Review for Mid-term Exam	
	21	Mid-term Examination	
	26	<i>No Class - Fall Break</i>	
	28	Return Exams	

November	2	Unemployment	Cowen & Tabarrok Ch. 10	
	4	Inflation	Cowen & Tabarrok Ch. 11	
	9	Business Cycles I	Cowen & Tabarrok Ch. 12	
	11	Business Cycles II	Cowen & Tabarrok Ch. 13	Homework #3
	16	Federal Reserve	Cowen & Tabarrok Ch. 14	
	18	Monetary Policy	Cowen & Tabarrok Ch. 15	
	23	Country Comparison Presentations		
	25	<i>No Class - Thanksgiving Break</i>		
	30	Taxes and Spending	Cowen & Tabarrok Ch. 16	
December	2	Fiscal Policy	Cowen & Tabarrok Ch. 17	
	7	The Great Recession: Growth vs. Cycles		Homework #4
	9	Review for Final Exam		
	13	Final Examination	5:00pm in FM-8	

Instructor

Student