

# PRINCIPLES OF MACROECONOMICS (ECON 206)

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Buena Vista University, Spring 2011

Instructor: Jeremy Horpedahl

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Office Hours: Monday 3:00-4:00pm, Tuesday 1:15-3:00pm, Wednesday 1:00-2:00pm

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

**Examinations (20% each):** There are three 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.

**Country Comparison Presentations (10%):** Students will be assigned to a group of 2-3 students. The groups will choose two countries that are similar in most respects, but have had different records of economic growth. Presentations on these countries will be given on March 15 and 17. You are graded by your classmates and by the instructor.

**Country Comparison Paper (10%):** Your group will also write a research paper based your presentation. The paper is due on May 5. It should be 2,000-2,500 words of body text. It must include at least two academic sources.

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
January	27	Introduction	
February	1	Micro Review	
	3	Gross Domestic Product	
	8	Economic Growth in the Long Run	
	10	Long-Run Growth II	
	15	Capital Accumulation	
	17	Innovation and Ideas	
	22	Economic Freedom and Institutions	
	24	Economic Freedom II	
March	1	Review for Exam	
	3	<b>First Exam</b>	
	8	Return Exam	
	10	Entrepreneurship	
	15	<b>Country Comparison Presentations</b>	
	17	<b>Country Comparison Presentations</b>	
	22-24	<i>No Class – Spring Break</i>	
	29	Financial Markets	

	31	Stock Markets	Cowen & Tabarrok Ch. 9 Kling & Schulz Ch. 7	
April	5	Unemployment	Cowen & Tabarrok Ch. 10	
	7	Inflation	Cowen & Tabarrok Ch. 11	Homework #2
	12	Business Cycles I	Cowen & Tabarrok Ch. 12	
	14	Business Cycles II	Cowen & Tabarrok Ch. 13	Homework #3
	19	Review for Exam		
	21	<b>Second Exam</b>		
	26	Return Exam		
	28	Federal Reserve	Cowen & Tabarrok Ch. 14	
May	3	Monetary Policy	Cowen & Tabarrok Ch. 15	
	5	Taxes and Spending	Cowen & Tabarrok Ch. 16	Research Paper
	10	Fiscal Policy	Cowen & Tabarrok Ch. 17	Homework #4
	12	Review for Final Exam		
	19	<b>Final Examination</b>	8:00am	

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Instructor

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Student