ECON 201-08 Macroeconomic Principles

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ECON 201: Macroeconomic Principles
Session 8 (CRN 91780)

Course Syllabus
Last updated: August 17, 2017

Professor: Jae Hoon Choi (choij2@xavier.edu)
Office hours: Tuesday, Thursday 3:00pm - 6:00pm, Smith Hall 321
Class location: Smith Hall G30
Class time: August 22nd to December 7th; Tuesday, Thursday 10:00am - 11:15am

Course Overview
In this course we will study the economy as a whole: the macroeconomy. First we will study its behavior in the long run, considering questions such as why some economies grow while others stagnate, and how financial markets sustain economic growth. Second we will study the macroeconomy in the short run, considering questions such as why there is unemployment, why there are recessions, and how/if governments can mitigate them. Third, we will study the international economy, considering questions such as who benefits from international trade and how cross-country investment ties the world together.

Course Objective
By the end of the semester I hope you walk away with two skills:

1. *How to think like an economist*: Thinking like an economist does not mean taking any particular position on a policy, but approaching the policy like a scientist. This means clearly stating your assumptions about the world, following those assumptions to their logical conclusions, and evaluating whether your assumptions and conclusions match the world around us. Economists get from their assumptions to their conclusions using mathematical models. Thinking like an economist involves thinking in terms of models, even as you understand the limitations of those models. When you leave this class you will have some sense of what it means to continue in the economics major and what it means to be an economist.

2. *How to solve society’s problems as an economist would*: Many of you have come to Xavier hoping to make the world a better place. Knowing economics is a great way to turn that hope into practical solutions. One of our jobs as economists is to propose solutions to social problems. When you leave this class, you will have some sense of how economists approach society’s problems, and how you can use the models you’ve learned to solve those problems. Though the models of this class are gross simplifications, and thus the solutions we find will

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1 The instructor reserves the right to make changes to the content and assignments in this syllabus at any time.
have limitations, you will leave knowing how further study in economics may help you to make the world a better place.

Course Requirements and Evaluation

- **Problem sets**
  - 15%
- **Quiz/Participation**
  - 15%
- **Midterm 1**
  - 20%
- **Midterm 2**
  - 20%
- **Final**
  - 30%

- **Problem sets**
  6 - 8 problem sets will be assigned during the session, and your lowest problem set grade will be dropped. The goal of these assignments are to offer practice and send a clear signal as to what I think is important for you to learn and understand in the course. Although you may work in groups on problem sets, you must turn in your own assignment and write up the answers on your own. All assignments should be stapled and submitted in the beginning of the class for full credit. The assignments failing to meet the requirement will be penalized.

Since we drop the lowest problem set grade, we will not be making special accommodations for illness. If you have a long-term illness or other condition that prevents you from completing your coursework, please contact your advisor to discuss a medical withdrawal.

- **Quiz/Participation**
  I will ask you some questions in class or on Canvas and this will count towards your quiz / participation grade.

- **Exams**
  There will be two midterm exams during the session, followed by a final exam at the end of the semester. The final exam will be comprehensive. The exams will mostly contain problem set type problems, and can be taken on the given dates only. If you have a conflict with the midterm dates please come see me in the first week of classes.

- **Errors in grades**
  Grades will be posted regularly on Canvas. If you believe there has been a mistake in any grade you have *two weeks from the date it was posted* to bring it to the attention of me. After that the grade posted online stands (think of this as a statute of limitations).

- **Grade cutoffs**
  When the time for final grades comes, I often receive emails like this: “I’m really close to the cutoff for a [letter grade]. Is there any way my grade can be rounded up?” *Such emails*
will go unanswered. There is no reason your grade should be rounded up when the grades of others are not.

- **Required reading and resources**
  - **Modern Principles: Macroeconomics** by Tyler Cowen and Alex Tabarrok
    - 3rd edition (preferred); 2nd edition is nearly identical
    - Publisher: Macmillian Learning
  - Canvas: I will post class material here. Also, please use the forum for all Q&A instead of email (except for personal issues).

**Important dates**
- Midterm exams: September 26th and November 7th, 2017
- Final exam: 8:30am - 10:20am, December 14th, 2017
- Deadline to drop: August 27th, 2017
- Deadline to withdraw: November 20th, 2017

**Class schedule (tentative)**

1. **Supply and Demand**
   - Intro to supply and demand
   - Producer/consumer surplus
   - Supply and demand shifters
   - Competitive equilibrium
   - Effects of price controls/deadweight loss

2. **GDP**
   - Measuring output
   - GDP growth
   - Wealth of nations
   - Factors determining GDP/Wealth

3. **Growth**
   - What causes countries to grow over time
   - Poor countries catching up to rich countries (convergence)
   - Hindrances of catch-up
   - Forces that sustain economic growth
   - The Great Leap Forward

- **Midterm 1: September 26th, Tuesday**

4. **The Financial System**
   - Role of the financial system
5. **Personal Finance**  
   - Efficient markets  
   - Diversification  
   - Active vs. Passive investing

6. **Unemployment**  
   - Supply and demand for labor  
   - Effects of minimum wage  
   - What is unemployment  
   - Different forms of unemployment

7. **Inflation**  
   - What is inflation and how do we measure it  
   - Quantity theory of money  
   - Real effects of money in the short run  
   - Inflation and wealth redistribution

8. **Business Cycles**  
   - Aggregate Demand  
   - Long-run Aggregate Supply  
   - Real Business Cycle Theory  
   - Short-run Aggregate Supply

9. **Economic Policy**  
   - Monetary Policy  
   - Fiscal Policy

10. **International Trade**  
    - Production Possibilities Frontier  
    - Gains from trade  
    - Absolute Advantage  
    - Comparative Advantage  
    - Barriers to trade  
    - Free trade, winners and losers

11. **International Finance**  
    - Current Account and Capital Account  
    - Balance of Payments  
    - Global Imbalances

• **Midterm 2: November 7th, Tuesday**

• **Final: December 12th, Tuesday**
**WCB Mission Statement**
We educate students of business, enabling them to improve organizations and society, consistent with the Jesuit tradition.

**Academic Integrity**
The pursuit of truth demands high standards of personal honesty. Academic and professional life requires a trust based upon integrity of the written and spoken word. Accordingly, violations of certain standards of ethical behavior will not be tolerated at Xavier University. These include theft, cheating, plagiarism, unauthorized assistance in assignments and tests, unauthorized copying of computer software, the falsification of results and material submitted in reports or admission and registration documents, and the falsification of any academic record including letters of recommendation. All work submitted for academic evaluation must be the student’s own. Certainly, the activities of other scholars will influence all students. However, the direct and unattributed use of another’s efforts is prohibited, as is the use of any work untruthfully submitted as one’s own. You should be aware of the University policy on Academic Honesty, [http://www.xavier.edu/library/xututor/Xaviers-Policy-on-Academic-Honesty.cfm](http://www.xavier.edu/library/xututor/Xaviers-Policy-on-Academic-Honesty.cfm)

Penalties for violations of this policy may include one or more of the following: a zero for that assignment or test, an “F” in the course, and expulsion from the University. Your instructor may use plagiarism detecting software, such as Turn-It-In, to review your written assignments.

**Student Support**

- **Learning Assistance Center**
The Learning Assistance Center (LAC) provides support services to facilitate learning. The LAC has two main purposes: tutoring and disability services. The tutoring services include subject specific tutoring, drop-in sessions, study skills assistance, and Supplemental Instruction (SI). For students with documented disabilities, services include accommodations such as extended time on exams, reduced distraction testing environment, note-taking assistance, and assistive technology. Services are provided in a positive and encouraging environment, which promotes appreciation for diversity and cura personalis. Students can contact the LAC at 745-3280 to set up an appointment. The LAC is located in the Conaton Learning Commons room 514. [http://www.xavier.edu/lac/](http://www.xavier.edu/lac/)

- **Students with Disabilities**
Any student who feels he/she may need an accommodation based on the impact of a documented disability should notify the course instructor and contact Cassandra Jones in the Learning Assistance Center at 745-3280 or e-mail jonesc20@xavier.edu to coordinate reasonable accommodations.
• **Mental Health Resources**
  Life at college can get very complicated. Students sometimes feel overwhelmed, lost, experience anxiety or depression, struggle with relationship difficulties or diminished self-esteem. However, many of these issues can be effectively addressed with a little help. McGrath Counseling Services (located in the McGrath Health and Wellness Center) helps students cope with difficult emotions and life stressors. McGrath Counseling Services is staffed by experienced, professional psychologists, social workers and counselors, who are attuned to the needs of college students. The services are FREE and completely confidential. Find out more at [http://www.xavier.edu/health-wellness/counseling/index.cfm](http://www.xavier.edu/health-wellness/counseling/index.cfm) or by calling (513) 745-3022.

• **Mathematics Tutoring Lab**
The Mathematics Tutoring Lab offers mathematics tutoring for all Xavier students. Students can contact the Lab at (513) 745-3069 to set up an appointment. The Mathematics Tutoring Lab is located in the Conaton Learning Commons room 419. [http://www.xavier.edu/mathematics/Math-Lab.cfm](http://www.xavier.edu/mathematics/Math-Lab.cfm)