

ECON 101 - Principles of Macroeconomics

St. Thomas Aquinas College

School of Business

Fall 2015

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Office Hours: Monday and Wednesday 11:30-12:30; Thursday 10-11 and 1:30-2:30

Class Meeting Time: Section B - MW 9:50-11:15.

Supplemental Instructor: Eugene Foley

Course Description: This course studies macroeconomic principles and their applications. Macroeconomics is the study of economic phenomena at the aggregate level. The focus of the course will be the components of national income, economic growth, aggregate supply and demand, inflation, business cycles, unemployment and monetary and fiscal policy. Appropriate tools and models will be introduced and developed in order to understand how economic events affect the macroeconomy.

Course Objectives: By the end of the semester, students should be able to

- explain the causes of important macroeconomic issues: unemployment, inflation, and slow economic growth.
- assess the consequences of these issues for society.
- explain the importance of social responsibility and the discussion surrounding asymmetric information.
- understand the difference between short term or cyclical phenomena and long term trends.
- understand what macroeconomic policies are available to the government. Be able to discuss the potential as well as the limitations of these policies and when they may be applicable.
- conduct their own analysis of the likely effect of specific macroeconomic disturbances or policy actions.
- interpret reports by the media on the economy using the tools developed in this course.
- follow political debates over economic policy in terms of being able to separate out what makes sense and what does not, as well as the most direct implications of potential policy initiatives.

Course Materials:

- N. Gregory Mankiw, *Principles of Economics*, Seventh Edition, South-Western Cengage Learning, (2015).
- Aplia. Aplia is an online tool that is required for all students, as this is how you will complete most of required homework portion of the course.

Aplia

Most of the homework assignments will be completed using the Aplia Website. The Aplia site requires a separate registration process. Here are the steps:

1. Connect to www.aplia.com.
2. Complete the Configuration Test and make adjustments to your configuration if necessary.
3. Return to the Sign In page and click Create a New Account
4. Choose Student Account.
5. You will then be asked to enter your course key, which is: 7RLE-3CQL-VDPG.
6. You will be prompted to enter your e-mail address and select a password.

You will only need to register once. After the registration process is complete, you will not need to enter the course key again. For any technical or sign-in problems, please send Aplia an e-mail by clicking the Support link in the upper-right corner of any page or by e-mailing support@aplia.com

Student benefits: By completing regular work in association with the lectures, you will be better prepared for the lectures and exams in the course. Cramming is not an effective method of learning. Think of the regular assignments on Aplia as a weekly workout. Practicing and applying what you are learning from Aplia and lectures will better prepare you for class.

Aplia assignments: Aplia assignments are graded. You will have three attempts at each question with your highest average counted. When you make a mistake in answering the question, you will receive feedback about your answer and an explanation of correct answer. Also, you have the option to save your work and come back later to finish the question and check your answer; however, if you choose this option and do not return, the work you had completed will be graded at the due date. After the due date passes, you will be unable to change your answers or submit any new work. The software does not care whether you have an excuse or not. These assignments are posted weeks in advance. Complete them early to avoid any emergencies preventing you from finishing them before the due date.

I require that you register with Aplia by the next class. You may register and use the website until 9/28/2015 without paying the fee. If you are considering dropping this course during the drop/add period, do not make a payment until you are sure that you will remain in the course (Aplia does

not provide a refund for a dropped course). You will need to pay the full amount before the end of the grace period to continue using the site (and to continue satisfactory progress in the course). In purchasing Aplia, you have a few options: (1) you may purchase the access card from the bookstore or (2) you may pay online with a credit card to Aplia directly. This course fee will include access to a digital copy of the text through the Aplia site. I do not require you to purchase a physical textbook for the course, but you are free to purchase one if you would like a hard copy. If you desire a physical textbook, you can purchase the text in the bookstore (used or new which may or may not come with an access card); you can also purchase the physical textbook on the Aplia website (new); or, you can purchase a used version at your own discretion. You should keep in mind that I do not require you to have a physical text for the course, this decision is simply up to you and how you believe you will have the highest level of success in the course.

COURSE INFORMATION

Quiz and Exam Schedule

Quiz 1 - Monday, September 21st

First Exam - Wednesday, October 7th

Quiz 2 - Monday, October 26th

Second Exam - Monday, November 9th

Quiz 3 - Monday, November 23rd

Final Exam - Monday, December 14th and Wednesday, December 16th

Grading Procedure: Quizzes are each worth 5%, totaling 15%. The First and Second Exams are worth 20% each and the Final Exam is worth 25%. The Final Exam is cumulative.

Homework is worth 15%.

Attendance and class participation is worth 5%.

Attendance: Attendance is REQUIRED. If you miss more than two (2) classes, then your grade will be affected. Seven (7) absences will result in failing the course. Tardiness is also unacceptable; as such, two (2) late arrivals will equate to one (1) absence. Disruptive behavior such as reading newspapers, doing work for other courses, or sleeping will result in you being marked absent. Lastly, every student is strongly encouraged to be an active participant in the classroom discussion.

Homework: The graded homework will be completed on Aplia. Students who receive an average grade of 70% or higher will receive full credit (i.e., 100% for the homework portion of the grade). Students who score a 90% will be *considered* to be “bumped” up a grade due to their hard work and dedication throughout the semester. Outside of Aplia, I will assign problems from the text and/or a prepared handout. When I give this type of assignment, I will provide solutions on our class’s Moodleroom.

CLASSROOM POLICIES

- Turn your cell phones off during class; it is simply a distraction to me and to your classmates.
- Turn off your iPods, iPhones, or other MP3 players and remove the earbuds from your ears during class. If I see them in your ears, I will assume that you are absent.
- There are no make-up exams or quizzes.
- Attendance is mandatory.
- Students are expected to sit through an 85-minute class, if you leave, please do not return (this will be counted against your attendance record).
- Bring a calculator every day to class. They are REQUIRED for quizzes and exams, and please note that cell phones are NOT acceptable as a use of a calculator.

Communication: I prefer to communicate via email rather than phone. If you send me an email and do not receive a response within 24 hours, please re-send it. A note about email etiquette: In every email correspondence with me (and really, with any instructor), please include the following:

1. A subject line that is informative (“Question about Chapter 2” or “ECON 300”)
2. A professional salutation punctuated correctly (“Dear Dr. Mihal,”)
3. A message that is well written (correct spelling, grammar, and punctuation) and polite
4. A closing remark (“Thanks for your time”)
5. A signature (Sincerely, Your Name)

Academic Integrity: Academic Integrity, a commitment to honesty, fairness, respect, and responsibility, is the foundation of the learning process. All members of the St. Thomas Aquinas College community are held to the highest standards of academic honesty. While we recognize the participatory nature of education, we take academic integrity very seriously, and the College policy on academic dishonesty details consequences that can include dismissal from the College. That policy can be found in both the Student Handbook and the College Catalog.

As a student in this class, you must demonstrate your commitment to academic integrity by submitting work which originates in your own imagination, analytical faculties, or your own knowledge, which you have done yourself, and which represents your very best efforts. When appropriate, your work should be supplemented and supported by other sources; however, you must always insure that these sources are properly cited using the recommended documentation system.

Accommodations: Students needing accommodations for a documented disability should notify the instructor at the beginning of the semester.

College Policy on Electronic Devices in Classrooms: Faculty have the discretion to regulate the use of electronic devices in classes, and students should not use such devices without the expressed consent of the professor. This policy covers cell phones, PDAs, laptop computers, or any other device the use of which might constitute a distraction to the professor or to the other students in the class, as determined by the professor. Students with documented disabilities should discuss the issue of laptop use with their professor at the beginning of the semester.

When a professor designates a time during which laptop computers may be used, they are only to be used at the discretion of the faculty member and in accordance with the Mission of the College. Professors can develop specific and reasonable penalties to deal with violations of these general policies. For more extreme cases of classroom disruption, refer to the College's Disruptive Student Behavior policy.

Title IX Reporting Requirements: While I want you to feel comfortable coming to me with issues you may be struggling with or concerns you may be having, please be aware that I have some reporting requirements that are part of my job requirements at here at STAC. For example, if you inform me of or if I witness an issue of sexual misconduct which includes: sexual harassment, sexual assault, or any genderbased discrimination, I will keep the information as private as I can, but I am required to bring it to the attention of the institutions Title IX Officer. If you would like to talk to that individual directly, you can contact Pat Pacchiana at ppacchia@stac.edu or call 845-398-4044. Additionally, you can also report incidents or complaints to campus security 845-398-4080. You can also find more information at www.stac.edu/titleIX.

If you would like to report a concern confidentially to a confidential counseling resource, you may speak to the following people:

- Ms. Eileen Mastrovito, RN. Director Health Services. 845.398.4242
- Dr. Lou Muggeo, Director Counseling & Psychological Services. 845.398.4174
- Rabbi Daniel Pernick, Campus Minister. 845.398.4063
- Center for Safety and Change, 845.634.3344. 9 Johnsons Lane, New City, NY 10956.

COURSE OUTLINE

1. Introduction to Economics. 9/9 - 9/16.

Major topics and key terms: scarcity; economics; efficiency; opportunity costs; market economy; command economy; market failure; externality; inflation; productivity; circular flow; production possibilities frontier; macroeconomics; microeconomics; positive statement; normative statement.

Read: Chapters 1 and 2 (including appendix).

Practice Problems: Chapter 1 - 4, 5, 7, 11; Chapter 2 - 1, 2, 4, 5, 6.

QUIZ 1

2. Demand, Supply, Market Equilibrium and Price Controls. 9/16 - 9/28.

Major topics and key terms: market; competitive market; quantity demanded; law of demand; demand curve; normal good; inferior good; substitutes; complements; quantity supplied; law of supply; supply curve; equilibrium; equilibrium price; equilibrium quantity; surplus; shortage; price ceiling; price floor.

Read: Chapter 4 and Chapter 6.

Practice Problems: Chapter 4 - 1, 3, 4, 8, 11 and Chapter 6 - 2, 3.

3. Introduction to Macroeconomics. 9/30 - 10/5.

Major topics and key terms: gross domestic product (GDP); consumption; investment; government purchases; net exports; nominal GDP; real GDP; GDP deflator; consumer price index (CPI); inflation rate; producer price index (PPI); nominal interest rate; real interest rate.

Read: Chapters 23 and 24.

Practice Problems: Chapter 23 - 1, 4, 5, 6, 8, 10 and Chapter 24 - 2, 3, 7, 9.

FIRST EXAM

4. Production, Growth, Saving and Investment. 10/14 - 10/21.

Major topics and key terms: importance of productivity; physical capital; productivity; human capital; natural resources; technology; natural resources; diminishing returns; education; financial markets; bonds; stock; financial intermediaries; mutual fund; national saving; private saving; public saving; budget surplus; budget deficit; market for loanable funds.

Read: Chapters 25 and 26.

Practice Problems: Chapter 25 - 2, 3, 5, 6 and Chapter 26 - 1, 3, 4, 5, 7, 8 (excluding: c, d).

QUIZ 2

5. The Basic Tools of Finance. 10/26 - 10/28.

Major topics and key terms: finance; present value; future value; compounding; risk aversion; diversification; market risk; efficient markets hypothesis; random walk.

Read: Chapter 27.

Practice Problems: Chapter 27 - 1, 2, 3, 7, 8, 9.

6. Unemployment. 11/2 - 11/4.

Major topics and key terms: labor force; unemployment rate; labor-force participation rate; natural rate of unemployment; cyclical unemployment; frictional unemployment; structural

unemployment; job search; minimum wage; union; strike; collective bargaining; efficiency wages.

Read: Chapter 28.

Practice Problems: Chapter 28 - 1, 3, 5, 7, 8, 9.

SECOND EXAM

7. Money and Prices in the Long Run. 11/11 - 11/18.

Major topics and key terms: money; medium of exchange; liquidity; commodity money; fiat money; currency; demand deposits; Federal Reserve (Fed); central bank; money supply; monetary policy; reserves; fractional-reserve banking; reserve ration; money multiplier; open-market operations; reserve requirements; discount rate; federal funds rate; monetary injection; nominal variables; real variables; monetary neutrality; velocity of money; inflation tax; Fisher effect; menu costs.

Read: Chapters 29 and 30.

Practice Problems: Chapter 29 - 2, 3, 5, 6, 8, 9, 10, and Chapter 30 - 1, 2, 3, 5, 6.

QUIZ 3

8. Short-Run Economic Fluctuations. 11/23 - 12/7.

Major topics and key terms: recession; depression; aggregate demand; aggregate supply; shifts in aggregate demand; shifts in aggregate supply; sticky wages; sticky prices; stagflation; theory of liquidity preference; change in money supply; interest rate targets; fiscal policy; multiplier effect.

Read: Chapters 33 and 34.

Practice Problems: Chapter 33 - 1, 2, 3, 7, 8, 9, 10 and Chapter 34 - 1, 5, 6, 8, 11.

9. An Update on the US Economy. 12/7 - 12/9.

FINAL EXAM

Professor reserves the right to make changes.