

THE UNIVERSITY OF CONNECTICUT

DEPARTMENT OF ECONOMICS PRINCIPLES OF ECONOMICS

ECONOMICS 1202 (MACROECONOMICS)

GOALS STATEMENT

Summer 2009
Office 323
Office Hours
Monday 2:00 -4:00 p.m.
and any time by appointment

Email

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"The theory of economics does not furnish a body of settled conclusions immediately applicable to policy. It is a method rather than a doctrine, an apparatus of the mind, a technique of thinking, which helps its possessor draw correct conclusions."

John Maynard Keynes

Course Description and Goals

This course presents a practical and theoretical introduction to macroeconomics. Macroeconomics represents the study of the behavior of entire economies. More

precisely macroeconomics represents the study of so called "economic aggregates." Topics such as inflation, unemployment, interest rates, money, income distribution, productivity, world trade and other "big" issues in economics. This course will introduce students to the basic economic problem of scarcity and choice, the approach of rationality, the fundamental tools of economic analysis such as opportunity cost, production possibilities, specialization and comparative advantage, supply and demand, and equilibrium. With a full understanding of these concepts perhaps one-third of all economic problems can be successfully addressed.

We will then address macroeconomics proper by describing the American economy, and learning how the measurement of economic aggregates takes place. We will examine the National Income and Product Accounts and the circular flow income and then move to the topics of unemployment and inflation (business cycles). From there we will examine aggregate demand and supply and fiscal policy (the use of taxes and government expenditures to affect the economy). All of this is known as the "real" side of the economy. We will then explore the side of the economy. We will answer questions such as, what is money. How does the financial system create money? What is the role of the Federal Reserve Bank? And, most important, what impacts do money and interest rates have on the economy. In this portion of the course we will also view the financial system of the United States. Finally, time permitting, we will review issues related to productivity, growth and international trade. We will to the extent allowed by time and student interest explore the phenomena of "economic bubbles."

What to say about today's (global) macroeconomy? We will have to take account of the current economy in this class. However, the situation changes day to day and the number of opinions – many from "credible sources" – surround the compass that one 2nd tier labor economist (me) will have little to add. That said, I believe that in this class we can at a minimum introduce a perspective on current events that includes some age and economic history background missing from some courses of this kind.

At the conclusion of the course you will have an appreciation of macroeconomic theory that will enable him or her to proceed into other economics courses, and more importantly, be able to apply these concepts to situations in everyday life such as reading the newspaper, conversation, business and other course-work.

TEXTBOOK AND OTHER MATERIALS NEEDED

The principal textbook for this course is William A. McEachern, *Macroeconomics: A Contemporary Introduction*, 8th Edition, South-Western Publishing Company, 2009 (Hereafter McEachern).

I have requested the Co-op to order copies of the Study Guide for the McEachern text by John Lunn. This guide is optional but you may find it helpful. Take a look at it in the Co-op and if it seems to be helpful you should purchase it. The Study Guide is keyed to your textbook and I will not make assignments from it.

Students are also required to subscribe to *The Wall Street Journal* for the period of the course. This year you also get a free on-line subscription when you subscribe. It is important that we keep up with current economic news and *The Journal* is the best way that I know to do this.

4. Finally, we will also be using the internet resource “Aplia” this summer:



Student Registration and Payment Instructions

Course Name: Economics 1202-Macro Summer 09

Start Date: 06/29/2009

Instructor: William T Alpert

Course Key: XVY5-LTVS-YGBK

You can begin working on your homework as soon as you register!

- In this course, you will use a textbook and Aplia's website.
 - In most cases, you can save money if you buy Aplia and your textbook together. See payment options below.
 - You will have access to a digital version of your textbook using Aplia.
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Registration

If you have never used Aplia before...

1. Connect to <http://www.aplia.com>.
2. Click the New Student link and enter your Course Key: **XVY5-LTVS-YGBK**. Continue following the instructions to complete your registration.

If you have used Aplia before...

1. Connect to <http://www.aplia.com>.
2. Sign in with your usual e-mail address and password and enter your Course Key when prompted: **XVY5-LTVS-YGBK**. If you are not prompted for a new Course Key, click the Enter Course Key button to enroll in a Aplia course. Enter your Course Key when you are prompted.

** You will have different payment options after you register for your course. If you choose to pay later, you can use Aplia without paying 11:59 PM on 07/02/2009.*

Payment

Option 1: Digital Textbook with Aplia Access

- **From Aplia:** Purchase access to your course from Aplia's website for \$80.00 USD.
- **From Bookstore:** Purchase an Aplia Access Card from your campus bookstore.

Option 2: Physical Textbook with Aplia Access (also includes digital textbook)

- **From Aplia:** Purchase access to your course for \$80.00 USD and a physical book for \$45.00 USD from Aplia's website.
- **From Bookstore:** Purchase an Aplia Access Card and a physical book together as a bundle from your campus bookstore.

** If you purchased an Aplia Access Card from a bookstore, enter the Access Card's payment code on Aplia's website as payment for your Aplia course.*

** You will have access to your digital textbook up until the end of this course.*

4. If you understand your payment options, pay now. Otherwise, postpone your purchase decision by choosing the option to pay later. Your payment grace period ends at the end of the day on.

ASSIGNMENTS

June 2 Overview and Introduction -- What is Economics all about? Supply and Demand and Other Basics. McEachern Chapters 1 – 4.

June 4 Supply and Demand and Overview concluded and An Introduction to Macroeconomics, The National Income and Product Accounts, The Circular Flow and Unemployment, Inflation and Productivity -- McEachern Chapters 6 -- 8. Learn Chapter 7 Appendix (page 161)!

June 9 The Circular Flow continued Aggregate Demand and Supply and Introduction to Aggregate Expenditures -- McEachern Chapters 5 and 9 and continue with Chapters 6 - 8.

JUNE 11 ANNOUNCED EXAMINATION I -- More on Aggregate Demand, Supply and Aggregate Expenditure and Income. McEachern Chapters 9 (continue), 10 and 11.

June 16 Continue Aggregate Demand, Supply in Long and Short Runs and Introduce Fiscal Policy. McEachern Chapters 10 – 12.

JUNE 18 ANNOUNCED EXAMINATION II Continue Fiscal Policy, McEachern Chapter 12 and Introduce Money, Banking, the Monetary and Policy -- McEachern Chapters 13, 14 and 15.

June 23 Continue Money and Banking and Monetary Theory and Policy -- McEachern Chapters 13, 14 and 15.

June 25 Complete Money and Banking and Monetary Theory and Policy -- McEachern Chapters 13, 14 and 15.

JUNE 30 ANNOUNCED EXAMINATION III Monetary Policy Debates -- McEachern Chapters 16 and 17.

July 2 International Trade and Finance and the Global Economy -- McEachern Chapters 18 -- 20.

July 7 The Bubble Economy – How Do Markets Get Prices So Wrong? Or Do They? Readings to To Be Assigned.

JULY 9 COMPREHENSIVE FINAL EXAMINATION PLEASE NOTE:
COURSE REQUIREMENTS AND GRADING PROCEDURES

1. All students are required to complete all of the readings in the McEachern text. Students are also responsible for the material in handouts when distributed.

2. Students should complete the relevant sections of the Guide. Please see the table of contents in the Guide for the assignment keyed to textbook.

3. There will be three (3) Announced Quizzes as noted in syllabus (above). Each Announced Quiz is worth 100 points -- 300 points.

4. Aplia assignments (completeness and correctness) 150 points

5. A COMPREHENSIVE final examination will be held on July 9, 2009 during the regularly scheduled class period. The Final will count 300 points.

Therefore a total of 750 points are potentially possible. The minimum grades assigned are:

Percent	Grade
93 or more	A
90-92.9	A-
87-89.9	B+
83-86.9	B
80-82.9	B-
77-79.9	C+
73-76.9	C
70-72.9	C-
67-69.9	D+
63-66.9	D
60-62.9	D-
0-59.9	F

5. Students are expected to participate in class discussions and respond to the instructor's questions. A number of UNANNOUNCED QUIZZES will be administered and several other scored exercises will be given. These components will form the bases for an instructor evaluation.

Up to an additional 100 points will be awarded on the of class participation, homework, and unannounced quiz grades. These points will be averaged into the new total of 850 points ONLY IF THIS PROCEDURE WILL RESULT IN AN IMPROVED GRADE.

MAKE-UP POLICY

No make-ups will be given for either announced or unannounced announced quiz will result in that quiz being dropped the scores of the remaining two quizzes counted in your average. Missed unannounced quizzes will be disregarded but obviously cannot be looked upon with favor for final grading purposes. A missed

USE OF COMPUTER AND OTHER “HIGH TECH” RESOURCES

I intend to maintain a Web-Site (HuskyCT) for this course at is <http://huskyct.uconn.edu/>. It is my intention to put up all of the published course materials including notes and problem set answers. Exams and exam answers. In addition I hope we can link to other websites. Aplia will serve as the on-line quiz vehicle of this class. At the very least you should feel free to contact me at my address, alpert@uconn.edu. I will respond. If you do not hear from me 24 hours please resend. I also intend to use HuskyCT for other purposes as the course develops. While the formation of study groups is encouraged (but not as a substitute for individual study, any form of collaboration between or among students before or during anyone’s completion of any class assignment is strictly prohibited. Such conduct will result in formal academic misconduct charges being brought against the student(s) involved.

LATE WORK

Late work will be accepted for a grade of "F". If work is not turned in at all it will receive a grade of zero in your average. Work will be considered late if it is not in my hands in hard copy when it is collected in class. Work will NOT normally be accepted by email or any other electronic means (read fax). PLEASE RETAIN COPIES OF ALL OF YOUR WORK!

UNIVERSITY POLICY TOWARD ACADEMIC MISCONDUCT

All faculty members have been asked by the Dean to include the following statement on their syllabi: What is considered academic misconduct for undergraduate students?

Academic misconduct includes, but is not limited to:

- Providing or receiving assistance on academic work (papers, projects, examinations) in a way that was not authorized by the instructor
- Any attempt to improperly influence (bribery, threats) any member of the faculty, staff, or administration of the University in any matter relating to academics or research
- Plagiarism
- Doing academic work for another student
- Presenting the same or substantially the same papers or projects in two or more courses without the explicit permission of the instructors
- Situations where one student knowingly assists another student in committing an act of academic misconduct, and any student doing so will be held equally accountable for the violation

How is academic misconduct reported?

In most cases, an instructor will report a student for academic misconduct when he/she believes there is enough information to demonstrate a case. When an instructor believes there is sufficient evidence to demonstrate a clear case of academic misconduct, he/she shall generally notify the accused student in writing and orally within 30 days of the discovery of the alleged misconduct. Evidence of academic misconduct can include continuing suspicious behavior an exam when warned by the instructor to stop and academic works being submitted by two students that are remarkably similar.

The instructor is responsible for saving all information on academic misconduct in its original form and does not need to return any of the material to the student. Copies of the student's work and information about other evidence can be provided to the student upon request. In certain cases, the dean of a school or college may become aware of academic misconduct and may bring a complaint forward to the school or college's hearing body.

What is the instructor's role in preventing academic misconduct?

Instructors should take all reasonable steps to prevent academic misconduct. If an instructor observes suspicious behavior during an examination, he/she should warn the students involved and request them to stop the suspicious behavior.

For further information on this rather unpleasant topic with which we WILL AVOID see: <http://www.dosa.uconn.edu/> or more specifically: http://www.dosa.uconn.edu/student_code.html.

I encourage you to work together, BUT I expect that your answers to all homeworks and other exercises (both in and out of class) will be your own and reflect your own work.

Neither the University of Connecticut, nor will I tolerate any violation of its policies concerning discrimination and/or discriminatory harassment (including sexual harassment). For a statement of those policies and the procedures related to them please see the University's Office of Diversity and Equity's website at: <http://www.ode.uconn.edu/CASEMNGT.html>.

Special needs students will need official documentation of any accommodation requirements. This documentation can be obtained through the Dean of Students' Office (room 201). Specifically any students who has thinks they have special needs should contact Debra Pstrag, room 201, 203-251-8566, debra.pstrang@uconn.edu.

CLASS POLICY TOWARDS COMMON COURTESY -- SPECIFICALLY ELECTRONIC DEVICES (CELL PHONES, BEEPERS, COMPUTERS, ETC.) AND OTHER BEHAVIORS IN CLASS (HOUSE RULES)

If you must bring any electronics device (e.g. cell phones) please do not make or receive calls during class. A similar rule applies to text messaging and IM. Furthermore, we will usually have a break in class. I and other students find it disruptive to have students leave and return to class class time. If you have personal or professional matters that require your attention please deal with them either before or after class or DURING the class break. Thus, unless you have a documented emergency please refrain from disrupting class by leaving to make or receive telephone calls, or for any other reason during the discussion. Likewise,

please be certain that your electronic device does not make an audible sound during class. PLEASE NOTE IN ADVANCE: NO CALCULATORS, CELL PHONES OR OTHER ELECTRONIC DEVICES ARE PERMITTED DURING EXAMS IN THIS CLASS.

Especially during exams I expect that you will leave class only upon final completion of your exam, not before (unless you have a genuine emergency). Therefore, take care of any business you might have prior to starting the exam. Finally, I also anticipate that you will exercise common courtesy toward your fellow students and me. If you fail to do so I will take appropriate steps with the University Administration to see that you are removed from my class. I will follow the same rules as I have set down for you. If I fail to do so please bring my behavior to my attention and I will correct myself.

Also be in class on time. Late arrivals are disruptive; when they cannot be avoided please enter the classroom quietly and sit in an unoccupied seat at the front of the room. Please don't leave before class is finished. Again, this is disruptive. If, for some reason you must leave before the class is over, please be unobtrusive about it. Please do not talk to your neighbors during class. It is uncivilized behavior. It bothers other students and it bothers me! If you have questions during the lecture raise your hand and ask me! They pay me to answer your questions and if you have a question there are several other people who are very likely to the same question. Furthermore, if you have questions about anything to do with this class you should read the syllabus – if you cannot find the answer to your question you should consult with the instructor. Many a well meaning student has or received incomplete, false or misleading information from another student or instructor.

INSTRUCTOR BACKGROUND

Degrees: AB (Lehigh University); MA, M.Phil., Ph.D. (Columbia University) all in economics.

Previous teaching positions: Columbia University (while a graduate student), Washington University (St. Louis), and Lehigh University.

Research Interests: Economics of Compensation, Family Leave, Trade Unions,

Mandated Benefits and Social Insurance.

PLEASE NOTE: You are strongly urged to consult with me regarding the course at any mutually convenient time. In order for teaching to be successful (that is for learning to take place) I need your feedback. My job is to present the course material to you as effectively as I possibly can. Part of your job is to let me know how I'm doing. I can't read minds. You need to let me know what isn't working and perhaps just as importantly what is working. Is the textbook any good? I think it is the best on the market for this class, which is why I choose them perhaps you don't think they are as valuable as they might be. How about the lectures? Are they clear? Do you get the point of the classes? You need to let me know. What about the technology? Suggestions on its better employment are always in order. You also need to ask questions. A question that is always in order is, "why is this important?" Any question regardless of how unimportant or foolish it may seem to you is important. Please ask it, either in class or privately during office hours or any other time we can get together. It is almost always better to raise a question in class rather than privately afterward because if you need to ask the question the odds are excellent that half the class or more is also is confused about the same point and your question will assist them too. Are the writing assignments clear and useful? Is my feedback helpful? To conclude if you don't understand something IT IS BECAUSE I AM NOT IT RIGHT. This is not plasma physics, or higher mathematics. I hope for all our sakes you need to fully participate in this class. Thank you. WTA