ECON 1113 – Principles of Macroeconomics
Department of Economics - University of Oklahoma

Spring, 2018

Course Description:

We will cover major theoretical and empirical issues arising in the study of **macroeconomics**. Macroeconomics builds upon the principles of microeconomics by studying the aggregation of decisions made in the micro-economy.

It is the study of the aggregate economy, and to understand it we must take into account the subtle interactions across the agents of the economy. We will describe the course as a study of **3 basic principles** that build on each other and make up the overall "ups and downs of the economy":

1) *Individual Choice*: the core principle that underlies all of economics (macro and micro) is essentially the study of how individuals (firms and households) make decisions. Examples: scarce resources; opportunity cost; marginal benefit versus cost; and incentives.
2) *The Interaction of Individual Choices:* Macroeconomics is about the aggregation of individual choices and the measurement of overall outcomes. Examples: Movement towards equilibrium; Efficiency; measuring production (GDP), unemployment, and inflation; Government intervention in market failures.
3) *Economy-wide Interactions:* The most subtle (and controversial) component of macroeconomics that usually applies to short-term economic fluctuations such as recessions and expansions. We will see that this leads to "feedback effects" and multipliers that complicate aggregation. The last third of the course will explore the government's role in this area. Examples: Aggregate Spending versus Production Capacity, Policies that affect spending.

Course Objectives:

The aim is to give you the necessary tools to critically read and apply your knowledge to current issues in macroeconomics and be fluent in the standard data essential to the field.
You should be able to differentiate between what determines long-run growth and short-run growth, and how public policy affects each.

To do so we integrate **two skills** that are essential in the study of macroeconomics:

a) Using Economic Models: a model is a simplified representation of a real situation that is used to better understand real life. There is no "one model," but for each set of assumptions we make it acts as a tool to understand how that certain world looks like. In this course, these will usually be analyzed with graphs but at times require algebra tools.
b) Read Economic Data: a large part of the class will define macro economic variables such as Gross Domestic Product and Unemployment.

Aside from the lectures/textbook which comprise the main material of the course, we will fulfill these class objectives with an introduction to Economics in the media. Some examples of resources to read:

- www.marginalrevolution.com
- http://krugman.blogs.nytimes.com
- http://www.nytimes.com/upshot/
- www.economist.com/
- http://gregmankiw.blogspot.com/
- http://economistsview.typepad.com/economistsview/
- https://www.bloomberg.com/
- http://www.wsj.com/
- http://equitablegrowth.org/equitablog/

Also, if a couple interesting podcasts to keep in mind:

- http://www.npr.org/sections/money/
- http://www.slate.com/articles/podcasts/slate_money.html

Course Information:

LECTURE TIME: Tuesday, Thursday: 4:30pm – 5:45pm.
CLASSROOM: PHSC 201.
WEBSITES: Sapling Learning, SquareCap, and Canvas. However, you only need your Canvas log-in for all of these.

Instructor Information:

Ariel Weinberger: ariel.weinberger@ou.edu
OFFICE HOURS: Wednesdays 10am – 12pm or appointment.
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Teaching Assistant Information:

Ji Gu: jgu@ou.edu
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Rafael Zago: Rafael_zago@ou.edu
OFFICE HOURS: **Monday 4 -5 pm**

Office: CATE 222 CCD1

I ask that your first point of contact be the Teaching Assistants. Any questions about the homework, grading, and class schedule/administration should go to them first. If you believe that your concerns are not being met by this correspondence then contact me or, preferably, come see me in person during office hours.

Textbook Information:

Main Textbook: Paul Krugman and Robin Wells, *Macroeconomics*, 4rd Edition, 2016. The e-book will be available to you through the Sapling Learning site that you will use for all assignments.
There will also be short article readings, but these additional readings will be available through the class website (under "Files"). I will announce when these are available.

Course Websites:

Announcements, exam grades, and other information will be posted on **CANVAS**. Although I intend to send out reminders when new materials are posted on **CANVAS**, it is your responsibility to check the website regularly for updates.

We will also use Canvas as a way of accessing 2 required platforms:

i) You must **register** for the **SAPLING** Learning course, which is integrated within Canvas (go to "Assignments" and click on the Sapling Learning assignment, then click on the link to that takes you to a new tab for Sapling). Access to Sapling must be paid for, but it gives you access to the online text which is the only required textbook for this class. There will be weekly homework assignments assigned and to be completed on this platform.
Sapling Learning offers a grace period on payment; this is 14 days from the first day of the term. Use the following link for instructions:
http://bit.do/studentinstructionslms

ii) You must also register for **Squarecap** access of the course. I will use this platform to have short quizzes at the beginning of class and also throughout lecture based on the material I cover. The cost is $10 per student and it is mandatory. Instructions to sign up for Squarecap are below.

Grading:

There will be three exams, the online problem sets, and Squarecap quizzes (plus the bonus reports).

I will give 3 "midterm" exams, with no cumulative final. The highest weight will be put on the 3rd exam (which will also be the longest). The exams will be on the following dates:

- **Tuesday February 13th and Tuesday March 13th and Thursday May 3rd.**

Your final grades will be calculated using the following weights:

> **20% online homework, 10% SquareCap App, 20% Midterm 1, 20% Midterm 2, 30% Midterm 3.**

Makeup exams will NOT be given. If you have a reasonable excuse for missing a midterm with proof (e.g. a signed doctor's note) then all weight will be transferred to Midterm 3. You cannot pass the course without taking Midterm 3.

Homework Assignments:

There will be weekly problem sets **to be completed online through the Sapling course.** You will receive the score automatically and can review the solutions after you have submitted the homework.
Due dates for the assignments will be listed on the Sapling site and I will announce them in class. In general, you should expect an assignment for each lesson in class, separated by chapters. Due to the technical limitations of having online homework, the deadline is fixed at a specific time. There is no such thing as "I was 2 minutes late" because once the system turns off submissions then there is nothing that can be done. So you should plan on being able to submit with ample time to handle technical glitches. I will drop **the bottom 2 scores** in order to correct for bad luck that can be associated with technical difficulties.

In Class Graded Practice Questions:

You must also sign up for **Squarecap** access of the course. I will use this platform to have short quizzes at the beginning of class and also throughout lecture based on the material I cover. The cost is $10 per student and it is mandatory.
Go to squarecap.com to get started:

Squarecap Instructions for Students

Squarecap is a web based classroom response application that your instructor will be using during your course for in-class Q&A and verifying your attendance. Use any Wi-Fi capable device (connect to classroom Wi-Fi network preferably) and visit http://www.squarecap.com on your web browser (**Google Chrome** is the preferred browser)

Sign Up for an Account:

- Visit http://www.squarecap.com and select your school.
- *Y*ou will see "Sign Up with Canvas" button; Click on that, it will take you to your school's Canvas login page. Login with your Canvas credentials. All other information to create your Squarecap account including your course enrollment is also automatically pulled in from Canvas so you should be placed into the correct course that is using Squarecap.

Manage your Subscription: If your class requires a Squarecap subscription, you can subscribe by clicking on "*Manage Subscriptions"* from the menu. There are couple of options for your subscription.

You can purchase one on the website using a credit/debit card by choosing the type of subscription (1 semester, one year, 4 years). Note that all our subscriptions are just a one time purchase (no recurring billing).

We will use the "Q&A" feature on Squarecap:

Participate in Q & A: When you click on the Q&A icon, you will see the first question once your instructor has started the assignment in Squarecap. You will be able to answer the question if it is open (i.e. timer has not expired) To move between questions just scroll up or down. Make sure you receive the confirmation message "*Answer Choice Saved"* for **every** question you answer. If you see "*Failed to Save*", refresh your browser and answer again.

If you use an Android phone: If you are using an Android phone and you have a Canvas app installed, the Chrome browser may redirect you to the App instead of the Canvas web site, when you try to log into Squarecap. The first time this happens, you will get a dialog pop up that asks you "*Open with app?"* Select "*No*" here and also select "*Complete action using Chrome"* and also "*Do this always"* instead of "*Just one time".*
If the Canvas app is already being opened by default, you will have to go to "Settings" on your phone. Choose "Application Manager" and find the "Canvas" application. Click on it and the "Next" menu there should be an option to "Clear Defaults". Choose this and you will be asked the questions above.

Reading Assignments:

Throughout the course I will assign short readings relevant to our lectures. These will be either articles from newspaper publications or blog posts from prominent economists. I will announce when the reading is posted on Canvas, and when you are responsible to have read it. During that lecture, I will quiz you on that reading at the beginning of class using the Squarecap app.

BONUS: Additionally, I will allow you to do a ~400 word report on up to **2 READINGS** throughout the semester for extra credit. Notice that you get to choose when you do these. There will be about weekly readings (but not on Midterm weeks) and you choose which 2 you want to write the report on. For each reading, you must turn it TO THE TA on the lecture when the reading is discussed. That lecture is the ONLY time when you can hand in your report for that reading. It must be printed out: NO email submissions will be accepted. [For more instructions, see the instructions sheet posted on Canvas.]
The bonus points will be added to the Assignment Group "Squarecap App" in the Canvas gradebook. I will make this group out of 100 points total. Each report will get you up to 10 bonus points on this assignment group, for a possible 20 bonus points. That means if you get all bonus points it adds 20% to an assignment group that accounts for 10% of your final grade. On the overall final grade, that would account for 2% extra credit.

Expectations:

The most important aspect of the class is to put in time and energy that allows you to understand the material. I understand that new concepts take some time to digest, and for this reason I expect each student to devote at least a couple hours a week (when there is no exam) outside of lecture on this course. You should expect me to express the material clearly and rehash it is as necessary, but in return I expect you to play an active part in the process by working to make the concepts click.

University Policies:

Academic Integrity:
All students are expected to conform to college-level standards of ethics, academic integrity, and academic honesty. By enrolling in this course, you agree to be bound by the Academic Misconduct Code published in The University of Oklahoma Student Code (www.ou.edu/studentcode/OUStudentCode.pdf). For further clarification please see: www.ou.edu/provost/integrity-rights/.
All members of the community recognize the necessity of being honest with themselves and with others. Cheating in class, plagiarizing, lying and employing other modes of deceit diminish the integrity of the educational experience. None of these should be used as a strategy to obtain a false sense of success. The need for honest relations among all members of the community is essential.

Religious Observance:
It is the policy of the University to excuse the absences of students that result from religious observances and to reschedule examinations and additional required classwork that may fall on religious holidays, without penalty.

Reasonable Accommodation Policy:

Students requiring academic accommodation should contact the Disability Resource Center for assistance at (405) 325-3852 or TDD: (405) 325-4173. For more information please see the Disability Resource Center website http://www.ou.edu/drc/home.html Any student in this course who has a disability that may prevent him or her from fully demonstrating his or her abilities should contact me personally as soon as possible so we can discuss accommodations necessary to ensure full participation and facilitate your educational opportunities.

Class Schedule (preliminary and subject to change):

Week 1: Tuesday Jan 16th: Introduction (Ch. 1)
Thursday Jan 18th: Intro to Models (Ch.2)

Week 2: Tuesday Jan 23rd: Intro to Models: Tradeoffs and Comparative Advantage (Ch.2)
Thursday Jan 25th: Supply & Demand (Ch. 3)

Week 3: Tuesday Jan 30th: Supply & Demand and Distortions (Ch. 3)
Thursday Feb 1st th: S & D and Trade (Ch.5)

Week 4: Tuesday Feb 6th: International Trade (Ch. 5)

Thursday Feb 8th: International Trade (Ch. 5)

Week 5: **Tuesday Feb 13th: Midterm 1**

Thursday Sep 15th: Macroeconomics: The Big Picture (Ch. 6) and start Ch. 7.

Week 6: Tuesday Feb 20th: Tracking the Macroeconomy (Chs. 7).

Thursday Feb 22nd: Tracking the Macroeconomy (Ch. 7).

Week 7: Tuesday Feb 27nd: Tracking the Macroeconomy (Ch. 7).

Thursday Mar 1st: Tracking the Macroeconomy (Ch. 8).

Week 8: Tuesday Mar 6th: Tracking the Macroeconomy (Ch. 8).

Thursday Mar 8th: Income and Expenditure Model (Ch. 11)

Week 9: **Tuesday Mar 13th: Midterm 2**

Thursday Mar 15th: Income and Expenditure Model (Ch. 11)

Week 10: **Tuesday Mar 20th: Spring Break, NO CLASS**

Week 11: Tuesday Mar 27th: Income and Expenditure Model (Ch. 11)

Thursday Mar 29th: Aggregate Demand and Aggregate Supply (Ch. 12)

Week 12: Tuesday Apr 3rd: Aggregate Demand and Aggregate Supply (Ch. 12)

Thursday Apr 5th: Money Banking and the Fed (Ch. 14)

Week 13: Tuesday Apr 10th: Money Banking and the Fed (Ch. 14)

Thursday Apr 12th: Monetary Policy (Ch. 15)

Week 14: Apr 17th: Long-run Growth (Ch. 9)

Apr 19th: Long-run Growth (Ch. 9)

Week 15: Tuesday Apr 24th: Saving, Investment and the Financial System (Ch. 10)

Thursday Apr 26th: Saving, Investment and the Financial System (Ch. 10)

Dead Week: **Tuesday May 1st: REVIEW**

Thursday May 3rd: Midterm 3

NO FINAL