

Dennis O’Dea

Office: Savery 340

Lecture: Tuesdays and Thursday 10:00 – 11:20

Office Hours: Tuesday 11:30 – 12:30

Wednesday 11:30-12:30pm

and by appointment

Email: [odea@uw.edu](mailto:odea@uw.edu)

Our course website is at:

[canvas.uw.edu](https://canvas.uw.edu)

**Please read the following carefully:**

**Overall Description of the Course:** Economists in general agree with the following proposition: economics is not a field of study of something particular. Rather, it is a set of tools and concepts that can be applied to understand a great number of phenomena in the economic and social sphere. We use the tools of the science of economics to study why things are and how they change when a relevant factor or force — that shapes the phenomenon under study—changes. As you read the assigned textbook for this course and attend the lectures and quiz sections, you will find the application of a set of thinking tools to a great number of interesting and important issues. Many of these issues—part of the “conventional wisdom” believed by many—are re-examined from an in-depth and insightful perspective. As the meaning and purpose of higher education goes, this should be truly a *higher* education experience!

Macroeconomics is the study of economic behavior in aggregate – how an economy grows and changes, and perhaps most importantly, how (if at all) we can manipulate it in order to increase overall welfare. Almost by definition, macro is the study of generating the greatest economic benefits for the greatest number by the most efficient available means. Along the way, we will consider theories of money, trade, unemployment, business cycles and growth.

### Student Learning Goals:

The goals for your learning fall into a couple of categories:

#### 1. Fundamental Knowledge

- Understand and be able to use macroeconomic terminology
- Explain how the highest-valued alternative foregone is the opportunity cost of what is chosen
- Explain who determines the growth of production and prices in the economy
- Analyze the causes of growth and recession.
- Analyze how government policies and different institutional arrangements affect the allocation of resources in an economy

#### 2. Application

- Use macroeconomic principles to understand and explain economic events and other social phenomena
- Critique the economic content of articles or presentations
- Appreciate the usefulness of economic reasoning in social decision making

## Our respective responsibilities:

**Your Instructor:** my responsibilities include clear explanations of concepts and tools, helping and motivating you to want to master the tools and concepts that aid you to gain insight into the workings of the economy and the society you live in, and provide a clear set of expectations for your performance. I will also supervise the TA team.

**Your TAs:** review concepts and tools through solving problems with you in quiz sections, and review and discuss test questions. Your TAs also grade the exams. To preserve consistency in grading, our TA team will collectively establish the grading points for each test.

**You:** you should form a study group (2-4 members) among peers in your quiz section to discuss the material of the course or do worksheet problems together. If you are unsure about the date of an assignment or have other questions regarding the course material, please refer them to your peer group and seek help there first before emailing your TA. Please note that all the material that is additional to your textbook readings, as well as worksheet questions will be posted on the course website. The slides for each lecture session are also posted on the course website (under *Files* and then *Lectures*) and it is your responsibility to look them up. For best results regarding your learning process and your grade, you need to engage in effective and active studying throughout the quarter (never cram for an econ test!). **The one catch to learning the economic way of thinking and doing well in this course is doing the problems carefully. This does not mean reading the problems and doing them in your head. Rather, you need to use the concepts you learn plus the reasoning process to write out the solutions in full. As we mentioned in the section on the overall description of this course above, the discipline of economics consists of a set of tools for thinking. Therefore, learning the economic way of thinking involves practicing the use of these conceptual tools and the associated reasoning process in solving problems.** To give you an idea about how much time resources you will need, for every hour of lecture or quiz section, you should plan on spending at least two and a half hours of *effective* studying/problem solving with your peer group or by yourself. This implies that you will need at least about 12.5 hours of effective studying outside of class per week to understand and master the approach and be able to adequately address issues in principles of macroeconomics. Ideally, you want to spend at least 70% of your study time doing the worksheet problems carefully and writing solutions in full. The remaining 30% or so of your time can be allocated to reading and reviewing the concepts. Students should read the text prior to attending each lecture. For a quick guide on how to succeed in the course please refer to the heading “How to Study Effectively” on page 6 of this syllabus.

Below you will find information on the various ways your learning will be evaluated. For exams problems will consist of analytical, “story” problems, similar to the end of chapter problems in the text. You will be asked to analyze the effect of a change in spending, changes in other government policy, etc., using both graphs and

analytical explanations in written form. We will also use a minimal amount of algebra and some arithmetic. Your grade on an exam depends on the *quality* of your answer. That is, your grade will be determined based on your use of an appropriate conceptual framework and the precision of your logical explanation and conclusions.

Your TAs and I are the happy facilitators in your learning process. Having established the set of responsibilities for your optimal learning experience, as your teaching team, we accept and honor your personal choice of time and effort you devote to this class. In line with the “principles of behavior” we will learn in Chapter 2, we realize that you make your decisions about your level of engagement and effort in this class based on the desire to maximize your net gains! That is, your time and effort face competing interests and you will make choices that maximize your net benefits (be it grade, satisfaction, or whatever else that constitutes your motivation for taking this and other courses). As such, we realize that as rational and informed decision makers, you will accept the consequences of your choices regarding your level of effort devoted to this course. Of course, if circumstances beyond your choice and control materialize (such as a sudden illness, an accident, etc.) that derail you from studying or taking a test on time, you have the responsibility of informing your TA as soon as possible. Your TA and I will then try to help you to the best of our ability. Please read the section on make-up exams on page 6 of this syllabus. **There is no making up missed homework or clickers.** For this reason, we **strongly** recommend not leaving your homework until the last minute.

**Textbook and Related Reading Material:** Our main textbook is Principles of Macroeconomics (5th ed.), by Paul Krugman and Robin Wells (published by Macmillan) **with Sapling Learning**. If you like to purchase an earlier edition of the textbook that is fine too. The only drawback of an earlier edition is that it may exclude some of the additional problems at the end of chapters that have been added to the latest edition. Also you would still have to purchase the access to Sapling separately.

### **Use of PollEverywhere in the Lectures:**

Students are required to respond to in-class questions using PollEverywhere, which can be done via browser or app. This will be used in our lectures as part of active student participation in lecture discussions. The questions answered by students during the lectures count toward 5% of their course grade. The information on how to sign up and access the polls is on the Canvas website.

### **Video recording of lecture:**

Lectures will be recorded using Panopto. These recordings can be accessed in Canvas.

### **The CLUE (Center for Undergraduate Learning and Enrichment) Program:**

Econ 201 is part of the CLUE Program on campus. The CLUE evening study sessions provide extra educational support for students. The CLUE dates and times for Econ 201A will be announced on CLUE website. The CLUE schedule online is at: <http://depts.washington.edu/clue/index.php>

## Topics and Chapters:

1. Introduction to economics and the concepts of scarcity and opportunity cost including some examples and applications. Chapters 1 and 2.
2. Supply and Demand, the basic models of markets are trade. Chapter 3.
3. Introduction to Macroeconomics, history of macroeconomics as a discipline. Chapter 6.
4. Macroeconomic Data. What do we look at when talking about the macroeconomy? We will look at GDP, output, income, the price level, and inflation. Chapters 7 and 8.
5. Long Run Growth. We will start thinking about what determines output, starting with the long run. We will learn about the role of capital, human capital, infrastructure and institutions. Chapter 9
6. Savings and Investment. What determines how much people save, and firms invest? We will look at the function of capital markets and financial markets. Chapter 10.
7. Income and Expenditure. What determines how much people spend, and how do firms know to produce enough to meet their demand? We will learn the Keynesian Cross, an important model of income and spending, and Multiplier Process of spending. Chapter 11
8. We will then add the price level to the story of income and expenditure, completing our theory of what determines economic output and prices. This model of Aggregate Demand and Supply will be our main tool to analyze the macroeconomy. Chapter 12.
9. Fiscal Policy: How can the government respond to recession? What does the government do with the taxes and spending it carries out? Chapter 13.
10. Money and Banking. We will show that money is a very special financial asset, and that banking plays a very special role in money creation. Chapter 14
11. Monetary Policy is carried out by the Federal Reserve; we will discuss the history and role of the Fed, and how they can respond to recession using Monetary Policy. Chapter 16.
12. We will conclude by analyzing an important episode of Macroeconomic history, the Disinflation of the early 80s, and talk about the limits of using Monetary Policy to promote growth. Chapter 16. Or maybe we'll talk about the most recent recession and the important of financial crises. Chapter 17. We'll see. Sometime we get to this, sometimes we don't.

## Evaluating student learning:

- **Homework from Sapling:** There will be a set of questions titled “problem sets” (HWs) assigned in Sapling. These will be assigned approximately weekly and will be automatically graded in Sapling. The questions in this type of assignment check your understanding of the concepts and on a few occasions ask you to analyze a problem using the concepts you have learned. **Your Homework will be collectively worth 10% of your course grade.** The grade for the first HW, chapters 1 and 2, will not count as part of your course grade. This first HW will act as a practice run.
- **Exams:** There will be two exams, a midterm and a final. All tests will be conducted in the lecture hall, the midterm during normal class time and the final exam during finals week. You will need a calculator for some of the questions on your quizzes/tests. Please bring a simple 4-function or a

scientific calculator to all your quizzes and exams. Graphing calculators are not allowed in any of the exams in this course. **Your Exams are collectively worth 70% of your grade; each midterm is worth 35%.**

- **Article Responses:** You will submit three article responses over the semester. For each, you will find a news article from a major newspaper or periodical (either in its physical format or online incarnation) that 1) was written after the previous response was due, and 2) relates to a course topic taught after the previous response was due. We will not accept articles from aggregators (Google, Yahoo, AP feeds), nor from blogs or opinion pieces, even if they are hosted on news sites. *The only acceptable sources for this article response are The Wall Street Journal, The Financial Times, and the New York Times.* You must describe, in your own words, the issues presented in the article, and then summarize how the material taught in class explains the information, events, or phenomenon in the article. This economic explanation must relate to a theoretical graph (one with some sort of equilibrium, like Supply and Demand, the PPF). The graph must be drawn and included in your response. You must submit your response and the article (in physical form) to your TA in the discussion indicated by the schedule. Late responses are not accepted. The written component of the response should fit on the provided form, and not longer than one additional page. Be brief! Responses will be evaluated in a very simple manner, out of 5 points. **The Article Responses are collectively worth 15% of your grade.**
- **PollEverywhere Responses:** Beginning the second lecture, we will use PollEverywhere for in-class participation; starting the third lecture, we will record your responses, and these responses will count towards participation in the course. I will ask a number of questions in each lecture. Each day's participation will have the same value towards your final grade. I assign points for both participation and correctness, but most points - around 80% - are for simple participation. We will drop your 3 lowest daily scores, meaning you can miss that many days with no grade penalty. This drop policy covers participation that was not observed for any reason, including (but not limited to) malfunctioning clickers and absences due to sports, job interviews, or illness. The remainder of the points are for getting questions correct. **This will account for 5% of your final grade.**

**The Schedule of Readings, the in-class exam dates, and other deadlines can be found on the Canvas site.**

### **Grading and the grade scale:**

The grades in this class are not curved. Rather, there is a (preliminary) grade scale on the basis of which we determine course grades. The grading policy of the Department of Economics sets the upper boundary for the Median grade in principles of economics courses at 3.1. We will maintain a median grade for this course in the 2.8-3.1 range. If the median grade for the course happens to be outside of 2.8-3.1 range on the preliminary grade scale, we will adjust the grade scale accordingly. I expect the median in the course to be around 80%, and for score to correspond to the range 2.8-3.1.

**Make-up Exams:** We will require both the phone number and address of the doctor/clinic in order to verify the authenticity of the documentation you provide. For the Midterms, we will write a make-up again with documentation from a clinic or a doctor. There is no make up for the Final Exam. If you miss the Final Exam you will earn an *incomplete* grade for this course.

## How to study effectively:

- a. Read the relevant parts of chapter(s) carefully before each lecture. Try to get a good idea of both the questions asked and the approach (the concept and the reasoning process) to addressing the questions in the textbook.
- b. Take notes during class, but it is not necessary to copy every slide. The slides will be posted online, along with a video of each lecture. You are welcome to ask clarifying questions, present points of debate, etc. during class.
- c. After the lecture, attempt the problems and make sure you fully write down the answer to each question using the relevant concepts you have learned. In order to successfully answer a question, ask yourself the following: i) what does the question want me to do? ii) What relevant information does the question provide? iii) How do I go from the given information to the answer? You want to use the concepts and tools for thinking—that you have learned—to answer the question.

**Note 1:** The best way to receive a good grade in this course is for you to cultivate a desire for learning the material, and, also do the problems for each chapter/week regularly.

The less effective way of getting a good grade is to make your primary incentive for studying the material earning a good grade. Students who desire to learn and do the problems and exercises thoughtfully, will generally also receive good grades. Those who just learn enough to get a good grade may commit short cuts just to earn a grade and their grades usually do not live up to their expectations. These students may finish the quarter disappointed with their grades.

**Note 2:** There will be no extra papers, assignments, or other ways for you to increase your grade anytime during or after the quarter. In case you aim for a certain grade, in order to prevent the chance of a disappointingly low grade, you should aim about a 0.4 grade higher than the minimum grade you desire. For example if you want to make sure you receive a 3.0 in this class please aim for at least a 3.4. We have no policy of assigning extra work in order to increase a grade you are not happy with once you commit yourself to attending and completing this course.

**Note 3:** We will not weigh any of your tests in a different manner from the general rule. [We sometimes encounter this type of request after the first exam.] Please do not ask us to possibly weigh some of your tests more or less.

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### Exam Taking Rules:

1. Material allowed during a closed book exam.
  - i. All books, papers, notebooks, etc., must be placed inside your backpack or other type of bag, which must be securely and fully closed. If you do not have a bag, you must place all your material out of your reach.
  - ii. Only a basic 4-function or a scientific calculator may be used during an exam. Graphing calculators will not be allowed. Sharing of calculators is not permitted.
  - iii. No other electronic devices can be accessible during the exam. Cellular phones must be turned off before entering the class and placed in your closed bag (not in your pocket). You are not allowed to use a cellular phone during an exam. Doing so will result in the termination of your exam time.
  - iv. Baseball caps and any other kinds of headgear that conceal your eyes are not permitted.
2. Attendance and special accommodation

- i. You are not allowed to leave the room during the exam. This includes restroom use; be sure to use the restroom before the beginning of the exam.
- ii. If you arrive late to an exam, you cannot expect to get extra time after the official end of the exam to make up for the missing time at the beginning.
- iii. If you have a documented disability, please bring documentation from the Office of Disability Resources for Students on the first day of class, so that I can make any arrangements required for accommodations.

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### Academic Honesty

1. Exams are individual work and cheating will not be tolerated. Looking at a neighbor's exam is considered cheating. If a student is seen committing this act, they will not be allowed to continue taking their exam. The neighbor sitting next to the student will also be duly punished if they are seen as facilitating this act of cheating.
2. Altering an exam before submitting it for a review of the grading, obtaining an advance copy of an examination, or arranging for a surrogate test-taker are all flagrant violations of University policy.
3. Clicker questions' points are part of the graded assignments in this course. Using more than one clicker while answering questions in the lecture is considered cheating. Students who bring their absent friend's clicker to class to record answers and earn grades for them will be duly penalized.
4. Cheating of any kind may result in expulsion from the University. The Department will follow University policy in case of academic misconduct. I strongly recommend that you review University policy at

<http://www.washington.edu/uaa/advising/help/academichonesty.php>

Students found to have engaged in academic dishonesty will be subject to sanctions, which range from a disciplinary warning to permanent expulsion from the University, depending on the seriousness of the misconduct.

### Religious Accommodations

Washington state law requires that UW develop a policy for accommodation of student absences or significant hardship due to reasons of faith or conscience, or for organized religious activities. The UW's policy, including more information about how to request an accommodation, is available at [Religious Accommodations Policy \(https://registrar.washington.edu/staffandfaculty/religious-accommodations-policy/\)](https://registrar.washington.edu/staffandfaculty/religious-accommodations-policy/). Accommodations must be requested within the first two weeks of this course using the [Religious Accommodations Request form \(https://registrar.washington.edu/students/religious-accommodations-request/\)](https://registrar.washington.edu/students/religious-accommodations-request/).

The following message is available from UW Human Resources.

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\*UW Safe Campus\*

Preventing violence is everyone's responsibility. If you're concerned, tell someone.

\* Always call 911 if you or others may be in danger.

\* Call 206-685-SAFE (7233) to report non-urgent threats of violence and for referrals to UW counseling and/or safety resources. TTY or VP callers, please call through your preferred relay service.

\* Don't walk alone. Campus safety guards can walk with you on campus after dark. Call Husky Night Walk 206-685-WALK (9255).

\* Stay connected in an emergency with UW Alert. Register your mobile number to receive instant notification of campus emergencies via text and voice messaging. Sign up online at [www.washington.edu/alert](http://www.washington.edu/alert)

For more information visit the Safe Campus website at

\*[www.washington.edu/safecampus](http://www.washington.edu/safecampus)\*