

Instructor: Pushpak Sarkar

Lecture: Daily (Monday to Friday), 9:30 a.m. - 10:20 a.m. at SIG 227

Office: Savery 319A

Office Hours: F: 11 a.m. – 1 p.m. and by appointment

Email: pushpak@uw.edu

Our course website is at:

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.

You: you should form a study group (2-4 members) among peers in your class to discuss the material of the course or do practice 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 instructor. 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. 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 practice 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.

Below you will find information on the various ways your learning will be evaluated. For the homework and the midterm and final exams, your exam 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 a spending, changes in other government policy, etc., using both graphs and analytical explanations in written form. We will also use some 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 conclusion

I will be happy to facilitate in your learning process. Having established the set of responsibilities for your optimal learning experience, as your teaching instructor, I 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 instructor as soon as possible. I will then try to help you to the best of our ability. Please read the section on make-up exams on page 4 of this syllabus. **There is no making up missed homework.** 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 (4th ed.), by Paul Krugman and Robin Wells (published by Worth, 2015). 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.

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 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. Will 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.

Evaluating student learning:

- **Homework:** There will be a set of questions titled “problem sets” (HWs) assigned in class/uploaded on canvas. These will be assigned approximately weekly and will be graded by the instructor. It depends on the discretion of the instructor that which part(s) of the homework assignments will be graded. 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.**
- **Exams:** There will be three exams, two Midterm exams (Midterm1 and Midterm2) and the Final Exam. All tests will be conducted in the lecture hall. 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 90% of your grade; each of the midterms is worth 20%, the final, 50%.**

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.

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 Midterm, 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. 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.

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. 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.

The following message is available from UW Human Resources.

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

For more information visit the Safe Campus website at

www.washington.edu/safecampus