

Ryan Mitchell

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Our course website is at:

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

### Deadline Dates

Dates will be posted on canvas once the quarter has begun

### 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

**Textbook and Related Reading Material:** Our main textbook is Principles of Macroeconomics (4th ed.), by Paul Krugman and Robin Wells (published by Macmillan, 2016). 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 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. Macroeconomic Data. What do we look at when talking about the macro economy? We will look at GDP, output, income, the price level, and inflation. Chapters 7 and 8.
4. 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
5. 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.
6. 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
7. 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.
8. Fiscal Policy: How can the government respond to recession? What does the government do with the taxes and spending it carries out? Chapter 13.
9. 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
10. 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.
11. 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.

## Evaluating student learning:

- **Exams, 60% of your grade:** There will be two exams, Midterm 1 and Midterm 2 (**not cumulative**). All tests will be conducted in the lecture hall. You will need a calculator for some of the questions on your tests. Please bring a simple 4-function or a scientific calculator to all your exams. Graphing calculators are not allowed in any of the exams in this course. **Each midterm is worth 30% each.**
- **Homework, 28% of your grade:** You will submit four pieces of homework over the quarter. These will be excellent practice for exams. Once these have been submitted and graded I will do a complete walk through of the homework problems in class and point out where the main confusions, if any, are.
- **Presentation, 12% of your grade:** In the week before the final exam students will present in groups of 3-4. Everyone in the group must participate in the presentation. The presentation should use models and concepts you have learned throughout the quarter and apply them to current economic and financial events that you have read and seen in articles and on the news. Prior to presentation week I will split everyone into groups and ask each group to send me their presentation topic. Once I have given the go ahead on the topic, groups will have approximately 1 week to make their presentations. **Presentations will be graded out of 10**, and the extra **2 points will be for participation** during presentation week. Presentations will be held over 4 days, and to get the 2 participation points you need to attend 3 out of 4 days of the presentation week.

## 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 Midterms, we will write a make-up if documentation from a clinic or a doctor is provided. There is no make up for the Midterm 2. If you miss Midterm 2 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. 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. 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.
- ii. 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.

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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)\*