

Economics 104 – Introductory Macroeconomic Analysis and Policy

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UNIVERSITY COURSE DESCRIPTION:

ECON 104 Introductory Macroeconomic Analysis and Policy (3)(GS)(BA). This course meets the Bachelor of Arts degree requirements. Economics is the study of how people satisfy their wants in the face of limited resources. One way to think about economics is that it is a consistent set of methods and tools that is valuable in analyzing certain types of problems related to decision-making, resource allocation, and the production and distribution of goods and services. There are two main branches of economics, microeconomics, and macroeconomics. Microeconomics deals with the behavior of individual households and firms and how that behavior is influenced by government. Macroeconomics is concerned with economy-wide factors such as inflation, unemployment, and overall economic growth; it is the subject of this course. More specifically, ECON 104 is an introduction to macroeconomic analysis and policy. The principal objective of the course is to enable students to analyze major macroeconomic issues clearly and critically. Students will be introduced to the methods and tools of economic analysis, and these analytical tools will be applied to questions of current policy interest. Broadly, the course focuses on the determination of national income, on unemployment, inflation, and economic growth in the context of a global economy, and on how monetary and fiscal policy, in particular, influence the economy. Learning the methods and tools of economics and applying them to interesting policy questions and issues is sometimes called “thinking like an economist.” An important goal of this course is to take each student as far down the road of “thinking like an economist” as possible. A variety of mechanisms is used to assess student performance. These evaluation methods typically include exams, quizzes, homework assignments, and group projects. ECON 104 is an introductory course in economics, and as such, serves as a prerequisite for 300-level courses in intermediate macroeconomic analysis, international economics, and money and banking. It is also a required course for all majors and minors in economics, and meets requirements for a General Education or Bachelor of Arts Social Science (GS) course. Students who have completed ECON 304 may not enroll in this course.

COURSE OVERVIEW:

Economics 104 is the macroeconomics half of a two-semester introductory course on the principles of economics. Economics 102 addresses microeconomics. I will assume that this is your first course in economics. This is an introductory course in the principles of macroeconomics. It seeks to introduce you to the ways in which economists view the world and to teach you to utilize these ways of thinking when you approach economic problems and questions. Macroeconomics is concerned with the operation of the entire national economy. The course begins by introducing students to the subject of economics and to the basic operation of markets and the economy. We then develop a simple macroeconomic model which we use to analyze short run economic fluctuations. Long run economic questions such as growth, unemployment, and inflation are examined. Throughout, emphasis is placed on developing students' analytical skills.

COURSE LEARNING OBJECTIVES:

After completing this course, students should have developed a range of skills enabling them to understand economic concepts and use those concepts to analyze specific questions.

By the end of this course, students should be able to:

- Understand how we measure gross domestic product, unemployment, and inflation.
- Describe the phases of the business cycle.
- Understand and graph aggregate demand, aggregate supply, and equilibrium.
- Describe what determines the amount of goods and services produced and the level of employment in the Keynesian and neoclassical theories of aggregate supply-aggregate demand.
- Use a Keynesian 45° income/expenditure diagram to analyze economic problems and proposed solutions to those problems.
- Describe how fiscal policy can be used to stabilize the economy.
- Understand the economic impacts of federal budget surpluses and deficits and the national debt.
- Define and explain the functions of money.
- Explain how the banking system creates money.
- Explain how open market operations, the discount rate, and the reserve requirement are used to expand or contract the money supply.
- Describe how monetary policy can be used to stabilize the economy.
- Explain how both parties to a trade gain from voluntary exchange.
- Describe and evaluate the cases for free trade and protectionism.
- Understand how to apply economic principles to a range of policy questions.

Students should also have the skills needed to:

- Use supply and demand diagrams to analyze the impact of overall changes in supply and demand on price and quantity.
- Describe the difference between nominal and real GDP.
- Calculate unemployment rates and inflation rates from appropriate data.
- Describe and calculate from given data the marginal propensity to consume, the marginal propensity to save, and the expenditure multiplier.
- Calculate the change in equilibrium GDP that occurs from a given change in investment or government spending when the MPC is known.

- Use a Phillips Curve to illustrate tradeoffs between inflation and unemployment in the short run and the long run.
- Calculate the money growth possible from a given value of new deposits or excess reserves.
- Describe the effects of depreciating or appreciating exchange rates on a nation's imports and exports.
- Describe the balance of payments.
- Solve for absolute and comparative advantage.
- Demonstrate how economic analysis can be applied to a variety of personal, societal, and international issues.

RECOMMENDED TEXTBOOK:

Stephen A. Greenlaw and David Shapiro, *Principles of Macroeconomics, 2e*. OpenStax College. 15 September 2017. (ISBN 1-947172-34-4)

The book is available in a variety of formats (Kindle, iBook) via the website listed below.
<https://openstax.org/details/books/principles-macroeconomics-2e>

This textbook can be downloaded for free as a pdf. Printed copies are also available for purchase. You can use the book in whichever format(s) you want; I recommend that you download the entire pdf so that you always have access to your book.

EVALUATION/GRADING:

First Hourly Exam	20%
Second Hourly Exam	20%
Quizzes	20%
Paper	10%
Final Exam	<u>30%</u>
	100%

Grading Ranges:

A	=	90.00 – 100%	C+	=	75.00 – 77.49%
A-	=	87.50 – 89.99%	C	=	70.00 – 74.99%
B+	=	85.00 – 87.49%	D	=	60.00 – 69.99%
B	=	80.00 – 84.99%	F	=	below 60.00%
B-	=	77.50 – 79.99%			

PROVISIONS FOR POSSIBLE SYLLABUS ADDENDA OR REVISIONS:

There may be changes in the assignments and the dates. Students are responsible for learning of any changes in the syllabus that are announced in class. Any changes to the course policies will be distributed in writing.

In the event of a campus closure, course requirements, classes, deadlines and grading schemes are subject to changes that may include alternative delivery methods, alternative methods of interaction with the instructor, class materials, and/or classmates, a revised attendance policy, and a revised semester calendar and/or grading scheme. Information about course changes will be communicated through email and in writing.

COURSE POLICIES:

Students are expected to take full responsibility for his/her academic work and academic progress. Students are expected to attend class regularly, for consistent attendance offers the most effective opportunity open to all students to gain developing command of the concepts and materials of the course. A study (Romer, *JEP*, Summer 1993) found that the difference in performance for a student who attends regularly and one who attends sporadically is about a full letter grade. However, attendance in class, in and of itself, is not a criterion for evaluation of the student's degree of success or failure. Furthermore, absences do not alter what is expected of the student qualitatively and quantitatively. Absences will not be used in the computation of grades.

Late assignments will not be accepted. Make-up exams and quizzes will not be given. Students missing an exam will be required to complete a 15-page paper on a topic chosen by the instructor in lieu of a make-up for the missed exam.

Students who focus on the business of the class increase their likelihood of success. They can do so by listening attentively to the instructor or to other students while participating in discussions. They can take notes that will help them to review the material. During class, they can participate as fully as possible and volunteer to answer questions. Failing to focus decreases the likelihood of success. During this class, it is inappropriate to study for other classes or to read letters or magazines or newspapers. Eating or drinking in class is also distracting.

Students should minimize all behaviors that distract others during the class. Talking to other students apart from class discussions is inappropriate. Students who carry a cell phone should mute it during class time. Students who arrive late should seat themselves as quietly and as near to the door as they can. Students who must leave before the class period ends should exit quietly.

Deferred grades are not normally offered. The course material is designed to be completed within the semester time frame.

Class participation is highly encouraged. Participation implies more than mere presence in the classroom. It is an active, meaningful, thoughtful, and relevant contribution to discussion and other activities. Students are expected to contribute significantly to discussion voluntarily or when called upon.

Course materials including lecture notes and announcements are posted on my website at <http://www.personal.psu.edu/~dxl31/econ4/econ4home.html> and on the Canvas page associated with this course.

Veterans and currently serving military personnel and/or dependents with unique circumstances (for example, upcoming deployments, drill/duty requirements, VA appointments, etc.) are welcome and encouraged to communicate these, in advance if possible, to the instructor in the case that special arrangements need to be made.

For notification about campus closures, please refer to Penn State York's website at <http://www.yk.psu.edu>, call the weather hotline at 717 771-4079, or sign up for live text messages at PSUTXT (<http://live.psu.edu/psutxt>). This is a service designed to alert the Penn State community via text messages to cell phones when situations arise on campus that affect the ability of the campus - students, faculty and staff - to function normally.

Academic support services for this course are available at the Nittany Success Center including study groups, 1:1 tutoring, study skills instruction, and computer support.

ACADEMIC INTEGRITY STATEMENT:

Academic integrity is the pursuit of scholarly activity in an open, honest and responsible manner. Academic integrity is a basic guiding principle for all academic activity at the Pennsylvania State University, and all members of the University community are expected to act in accordance with this principle. Consistent with this expectation, the University's Code of Conduct states that all students should act with personal integrity, respect other students' dignity, rights and property, and help create and maintain an environment in which all can succeed through the fruits of their efforts.

All Penn State University policies regarding ethics, honorable behavior, and academic integrity apply to all of the courses in which you are enrolled. Academic dishonesty includes, but is not limited to, cheating, plagiarizing, fabricating information or citations, facilitating acts of academic dishonesty by others, having unauthorized possession of examinations, submitting work of another person or work previously used without informing the instructor, tampering with the academic work of other students, or acts of falsification, misrepresentation or deception. For any material or ideas obtained from other sources, such as the text or things you see, for example, on the web or in the library, a source reference must be given. Direct quotes from any source must be identified as such. All exam answers must be your own, and you must not provide any assistance to other students during exams. Any instances of academic dishonesty will be pursued under the University regulations concerning academic integrity. Academic dishonesty can result in assignment of "F" by the course instructor or "XF" by Judicial Affairs as the final grade for the student.

DISABILITY ACCOMMODATION STATEMENT:

Penn State welcomes students with disabilities into the University's educational programs. Every Penn State campus has an office for students with disabilities. The Student Disability Resources (SDR) website provides contact information for every Penn State campus. For further information, please visit the Student Disability Resources website. At Penn State York, the disabilities services coordinator is Peggy Violette [muv92@psu.edu; 717-771-4013]. Her office is in the Nittany Success Center on the upper floor of the Pullo Performing Arts Center and located adjacent to the library.

In order to receive consideration for reasonable accommodations, you must contact Ms. Violette as early as possible in the semester, participate in an intake interview, and provide documentation. If the documentation supports your request for reasonable accommodations, you will be provided you with an

accommodation letter. Please share this letter with your instructors and discuss the accommodations with them as early as possible. You must follow this process for every semester that you request accommodations.

COUNSELING AND PSYCHOLOGICAL SERVICES STATEMENT:

Many students at Penn State face personal challenges or have psychological needs that may interfere with their academic progress, social development, or emotional well-being. The university offers a variety of confidential services to help you through difficult times, including individual and group counseling, crisis intervention, consultations, online chats, and mental health screenings. These services are provided by staff who welcome all students and embrace a philosophy respectful of clients' cultural and religious backgrounds, and sensitive to differences in race, ability, gender identity and sexual orientation.

Counseling and Psychological Services at Penn State York: 717-771-4088 or 717-771-4045

Penn State Crisis Line (24 hours/7 days/week): 877-229-6400

Crisis Text Line (24 hours/7 days/week): Text LIONS to 741741

Counseling and Psychological Services at Commonwealth Campuses:

<http://senate.psu.edu/faculty/counseling-services-at-commonwealth-campuses/>

Counseling and Psychological Services at University Park (CAPS): 814-863-0395

EDUCATIONAL EQUITY/REPORT BIAS STATEMENT:

Penn State takes great pride to foster a diverse and inclusive environment for students, faculty, and staff. Acts of intolerance, discrimination, or harassment due to age, ancestry, color, disability, gender, gender identity, national origin, race, religious belief, sexual orientation, or veteran status are not tolerated and can be reported through Educational Equity via the Report Bias web page:

<http://equity.psu.edu/reportbias/>

COURSE REQUIREMENTS:

Two hourly exams and a final examination will be administered during the semester. The final exam is cumulative while the hourly exams include only the material covered since the previous exam. The dates of these exams are listed below. Each class, except the first and those after the hourly exams for a total of ten quizzes, will begin with a quiz on the material covered during the previous week's class. A student's five highest quiz scores will be used in the computation of the quiz component of his or her course grade. Exams and quizzes may consist of any or all of the following types of questions: multiple choice, true/false, essay, short answer, fill in the blanks, matching, mathematical problems, and graphing. The remaining 10 percent of the grade consists of an individual or group project. Details of the project will be provided during the semester.

The concept of doing extra work for extra credit does not exist within this course. The final grade is based on stated assignments and requirements. Please recognize that your tuition dollars earn you the right to participate in this course. It is your demonstrated attainment of course concepts and content that earn you a final grade.

The use of (a) smartphones, (b) cellphones, (c) all devices with internet access and/or (d) other devices such as feature and dumb phones, are not allowed during the exams, quizzes, and other in-class assignments. The use of graphing, programmable, smart watch, and cell phone calculators is prohibited on tests and quizzes. A basic scientific calculator is permitted.

Finally, please feel free to come see me to ask questions or to discuss difficult material. The course material is all cumulative. If you do not understand what happens in the first week, you will not understand what happens in the last week. If my office hours are not convenient, you may set up an appointment for an alternative time.

SESSIONS

August 25	Introduction to Economics	Ch. 1
September 1	More Introduction to Economics	Ch. 2
September 8	Supply and Demand	Ch. 3
September 15	More Supply and Demand	Ch. 3
September 22	First Hourly Exam	
September 29	National Income Accounting	Ch. 6
October 6	Economic Growth	Ch. 7
October 13	Unemployment and Inflation	Ch. 8 and 9
October 20	No Class This Week	
October 27	Aggregate Demand and Aggregate Supply	Ch. 11
November 3	Second Hourly Exam	
November 10	Money and Banking	Ch. 14
November 17	Monetary Policy	Ch. 15
December 1	Fiscal Policy	Ch. 17 and 18
December 8	International Finance	Ch. 10 and 16
December 15	Final Examination	