

ECO 120: Global Macroeconomics
Instructor: James Murray, Ph.D.
Spring 2010

Instructor Information

James Murray, Ph.D.
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Meeting Time / Location

Section 09: 11:00am - 11:55am, Room 136 Carl Wimberly Hall.
Section 10: 12:05pm - 1:00pm, Room 230 Carl Wimberly Hall.

Because the door to the classroom is in the front of the room, arriving late can be very disruptive to the class. Please be respectful of your instructor and your fellow classmates and arrive *before* class begins.

Course Description

Introduction to the functioning of the world economy. Applications of economic principals to domestic and international problems with an introduction to economic systems, economic thought, and economic history around the world. General topics include the economics of international exchange rates, global macroeconomics, international monetary systems, and economic development.

Course Goals

The major purpose of this course is to provide students with an analytical framework for life-long independent thinking about global economic issues. Additional objectives include: cultivating students' understanding and appreciation of the historical development of economic ideas and economic systems around the world, introducing students to the tool of macroeconomic analysis and their application to achieving stability and growth in the world economy, and promoting student awareness of the interdependence of national economies and the consequent necessity for global cooperation in coordinating macroeconomic policy.

Learning Objectives

For successful learning, it is important that you understand why we do the reading, lectures, assignments, etc, we do. Everything we do in this class is meant to achieve the learning objectives below. It would be useful for you to pay careful attention to what learning objectives the lectures and assignments are meant to achieve.

1. Apply the supply and demand model to predict quantity and price outcomes of a number of different markets.
2. Describe and compute a number of measures of macroeconomic outcomes of production, employment, inflation, and interest rates.
3. Evaluate the impact of macroeconomic policies on the long-run growth rate of an open economy.
4. Evaluate the impact of macroeconomic policies on short-run business cycle fluctuations in an open economy and be able to prescribe appropriate policy to achieve macroeconomic objectives.
5. Compare the US and other countries when discussing measures of unemployment, inflation, output, cyclical fluctuations, and economic growth.
6. Develop an informed interest in an economy interacting in a global environment.

7. Accept responsibility for learning and develop the desire for life-long learning in order to become an active citizen.

General Education Student Learning Outcomes

1. Students will be able to use mathematical and logical methods to solve problems.
2. Students will be able to construct and use models to analyze, explain, or predict phenomena.

Course Resources

Textbook: Frank & Bernanke. (FB) 2007. *Principles of Macroeconomics*. Third Edition. McGraw-Hill Irwin.

Internet Resource: *Aplia*. This is an online economics course learning tool. It provides many optional and required exercises to enhance your knowledge of economics, and detailed immediate feedback on your work. It is available for purchase for \$35 either online or by mailing a check. Regular homework assignments will require you to use *Aplia*. You may register for *Aplia* online at <http://www.aplia.com>. When prompted use course key: 6D4U-2VEC-53WF.

Class website: <http://www.murraylax.org/eco120/spring2010/>. All material handed out in class will be posted on the class website. Grades, announcements and other communication will be done through Desire2Learn.

Office Hours

Regular office hours are 2:30pm-3:45pm Monday through Thursday. These are times when you can drop by unannounced and expect me to be in my office. If you would like to make an appointment for a different time, please check my calendar and send me an e-mail. Frequently keeping up with the material usually requires frequent office visits, so I feel frequently coming to my office for questions is essential to your success.

Office hours are not a substitute for attending class. Except when missing class for very extreme circumstances that were promptly discussed with me, it is not acceptable to use office hours to ask questions about material you missed while not in attendance.

Outside of my regularly scheduled classes and office hours, my availability changes all the time. You can visit my calendar at <http://www.murraylax.org/calendar.html>. It is constantly updated.

OFFICE HOURS SATISFACTION GUARANTEED!

I guarantee that coming to office hours to ask questions on material you don't completely understand will increase your grade in the class. If you come to office hours and still get questions wrong on the exam about the topic we discussed, I will give you those missed points back! This guarantee is subject to the following conditions:

1. Return of missed points is good for up to two topics on each exam, and up to a total of 10 percentage points per exam.
2. You and I must agree in writing using the form at the end on the syllabus, the topic that is guaranteed, and we both agree that I have explained the topic sufficiently, and that you have acquired a good understanding from our discussion.
3. You must have attended class when the topic was initially taught.
4. Only three guarantee forms may be filed before each exam.

5. Only one guarantee form may be filed on a single day. Therefore filing two or three guarantee forms will require two or three separate office hours visits, respectively.
6. After the exam, if you get questions wrong that were guaranteed, it is your responsibility to present your copy of the guarantee form and notify me you should get the points back.

Assessment

Learning will be assessed through weekly quizzes, homework, and exams. The grading breakdown will be:

Quizzes / In-class Exercises / Homework: 20%

Exam 1: 20%

Exam 2: 20%

Exam 3: 20%

Cumulative Final Exam: 20%

Grade Breakdown

93-100	A	67-76	C
89-92	AB	57-66	D
81-88	B	0-56	F
77-80	BC		

I reserve the right to scale every person's grade up by the same amount on any graded item in the event that much of the class falls short of the scale above. However, even if the grades are significantly low, there is no guarantee that I will ever do this.

Quizzes / In-class exercises / Homework

There will be many announced quizzes, unannounced (pop) quizzes, and in-class exercises given throughout the semester. Adequate preparation for these will involve reading ahead for class and completing homework assignments on time. Classes will begin with your questions so that you can resolve any problems with assigned work before the quiz begins. Quizzes may sometimes be open book and/or open note. Sometimes in-class exercises will be given, some of which must be done in small groups. *Aplia* homework assignments will be given almost every week. Doing these assignments requires registering for *Aplia*.

Exams

There will be three midterm exams and one cumulative final exam. Each exam is worth 20% of final course grade. All exams require a calculator, so be sure to bring a calculator to class on exam days. You may not share calculators with other students. The three midterm exams will be administered during regular class time and the final exam will be administered during final exam week according to the University final exam schedule. The exam dates are as follows:

- Exam 1: Wednesday, February 24.
- Exam 2: Wednesday, April 7.
- Exam 3: Wednesday, May 5.
- Final Exam:
 - Section 09 (Meets at 11:00am MWF) Friday, May 14, 4:45pm-6:45pm.
 - Section 10 (Meets at 12:05am MWF) Thursday, May 13, 12:15pm-2:15pm.

You must take the final exam at the time scheduled for the section you are registered for. You will not be able to take the final exam at an alternative time unless University policy requires different arrangements.

Grade Insurance / News Report Blog

The purpose of grade insurance is to insure you against the possibility that one of your exams hurts your final grade due to a bad day, bad luck, or whatever the reason may be. If you pay your *premiums*, the lowest of your exam grades will be raised to the second to lowest exam score, up to a maximum increase of 20 percentage points.

To pay the premiums for the insurance, write a 250 to 500 word *news report*, or write a 250 to 500 response/comment on a past news report according to the schedule below. Post your news report to the class blog by e-mailing it to blog@uwlmacro.posterous.com. The news story should cite a *Wall Street Journal* article written within the last 30 days and discuss economics concepts that apply to the story and enhance one's understanding of the story. Responses/comments to news reports are done on the class website. You will not get credit for news reports or comments posted late or posted more than one week before the due date.

News Report Blog Schedule:

Wednesday, February 3 by 11:30pm: News report due.

Wednesday, February 17 by 11:30pm: Comment due on blogs dated Jan 25 through Feb 3.

Wednesday, March 3 by 11:30pm: News report due.

Wednesday, March 24 by 11:30pm: Comment due on blogs dated Feb 24 through March 3.

Wednesday, April 7 by 11:30pm: News report due.

Wednesday, April 21 by 11:30pm: Comment due on blogs dated March 31 through April 7.

Wednesday, May 5 by 11:30pm: News report due.

Attendance

Attendance is required to receive credit for quizzes, in-class exercises, and exams. However, if you need to miss a class day or exam day because of illness or emergency you can be excused and arrangements can be made for you to make up missed work. The University is especially concerned with the possible spread of H1N1 influenza. To reduce the chance of spreading the disease, the University recommends that if you experience two or more symptoms of flu that you not come to class nor stay in dormitories, but rather go home where you have contact with few people as possible, and return only after you are symptom free for 24 hours without medication.

If you need to leave class early, as a courtesy please let me know before class.

E-mail Guidelines

I insist on the following e-mail etiquette rules (many of these are also recommended by the College of Business Administration). Failure to adhere to these guidelines will result in a reply with a friendly reminder to follow these e-mail guidelines.

- Questions sent by e-mail should be able to be answered with only a few words, such as 'yes' or 'no' questions. Questions whose answers involve explaining class material are not appropriate over e-mail. For answers to these questions you should come to office hours, or send an e-mail requesting we meet at a different time.
- Always include a subject that is brief but still has sufficient detail.
- Look at your class notes and syllabus before sending an e-mail. Do not ask a question whose answer is on the syllabus or announced in class (unless you missed class for a legitimate reason).

- Always spell check, grammar check, and re-read your e-mail before sending it.
- When requesting to meet with me outside of regularly scheduled office hours, consult my calendar (<http://www.murraylax.org/calendar.html>) and suggest a time we meet in your first e-mail correspondence.

Classroom Behavior

Please adhere to these behavior guidelines:

- No using mobile phones, PDAs, or other personal electronics during class (i.e. no text messaging, e-mailing, or surfing the web with mobile phones). If you do text message during class, you agree to give me the right to take your phone for the remainder of the class, and write my own text message from your phone to whoever you were communicating with.
- Using laptops during class is not recommended. If you insist, laptops should be used for note-taking purposes only. You cannot use it for e-mail, surfing the web, or any other applications. Due to the nature of the course material (lots of graphs, math, etc), taking notes on a laptop would not be very effective.
- Please refrain from talking to those around you when I or one of your classmates is talking to the whole class. Even if you have a quick question like, “What did he just say?” do not whisper the question to your neighbor. Instead ask me.

Disabilities

Any student with a documented disability (e.g., physical, learning, psychiatric, vision, or hearing, etc.) who needs to arrange reasonable accommodations must contact the instructor and the Disability Resource Services office (165 Murphy Library, 785-6900) at the beginning of the semester. Students who are currently using the Disability Resource Services office will have a copy of a contract that verifies they are qualified students with disabilities who have documentation on file in the Disability Resource Services office. It is the student’s responsibility to communicate their needs with the instructor in a timely manner.

Academic Dishonesty

I follow the policy stated University Academic Handbook with regard to cheating and academic dishonesty. The student handbook can be found online at http://www.uwlax.edu/studentlife/eagle_eye.htm. In the event a student is caught cheating I will pursue the harshest penalty that the University will allow, regardless of how small the offense may appear.

Preliminary Topics Schedule

Below is a detailed list of topics and readings for this class. This is a preliminary schedule; depending on time constraints and the topics the class finds most interesting, we may choose to not cover some of the items below, cover items that are not shown below, or re-arrange the schedule. Details about the dates these topics are covered will be posted on the calendar on the class website,

<http://www.murraylax.org/eco120/calendar.html>

1. Introductory Economics Models

(a) Economics, Scarcity, and Production Possibilities.

- FB, Chapters 1 and 2.
- Thurow, Roger. "Mali's Makeshift 'Cuisinarts' Create Peanut Butter and New Possibilities." *Wall Street Journal*. July 26, 2002.

(b) Supply and Demand

- FB, Chapter 3.
- "Food prices - Cheap no more." *The Economist*. December 6, 2007.

(c) Application of Supply and Demand: Market for foreign exchange: FB, Chapter 18

2. Measuring and Evaluating the Performance of the Economy

(a) Measuring output, employment, and inflation: FB, Chapters 4 and 5.

(b) Aggregate markets for factors of production: FB, Chapters 8 and 9.

(c) Economic growth (long run path of the economy).

- FB, Chapters 7 and 12.
- Romer, Paul M. 2008. "Economic Growth." *The Concise Encyclopedia of Economics*. Library of Economics and Liberty.
Available online at <http://www.econlib.org/library/Enc/EconomicGrowth.html>.

3. Short and Long-Run Models of the Macroeconomy

(a) Keynesian (Extremely) Short Run Model of Spending and Output: FB, Chapter 13

(b) Short-run and Long-run Model of Aggregate Supply and Aggregate Demand (AS/AD): FB, Chapter 15

4. Macroeconomic Policy

(a) Fiscal policy.

- Parkin, Michael. 2008. *Macroeconomics*, Chapter 14 on Fiscal Policy.
- Hummel, Jeffrey Rogers. August 3, 2009. "Why Default on U.S. Treasuries is Likely." Library of Economics and Liberty.
Available at <http://www.econlib.org/library/Columns/y2009/Hummeltbills.html>.

(b) Monetary Policy

- FB, Chapters 14 and 16.

(c) Foreign Exchange Policy: FB, Chapter 18.

Office Hours Guarantee

Name: _____
Date / Time: _____
Specific Topic Guaranteed: _____
Chapter / Reading Reference: _____
Description: _____

Student Signature

Instructor Signature

Student Copy

Office Hours Guarantee

Name: _____
Date / Time: _____
Specific Topic Guaranteed: _____
Chapter / Reading Reference: _____
Description: _____

Student Signature

Instructor Signature

Instructor Copy
