**Economics 111 - Principles of Macroeconomics – Fall 2013**

**C*alifornia State University Channel Islands***

**Dr. Claudio Paiva**

Lectures: MW 1:30 pm – 2:45 pm at Del Norte 3550. Final Exam: December 11 (Wed), 1:00 pm – 3:00 pm

Office Hours: Mon 10:20 – 11:50 am; Tue 10:20 – 11:50 am; and by appointment

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**Catalog Course Description**

Study of the workings of the economy. Topics include national income accounting, business cycles, employment and unemployment, inflation, economic growth, financial institutions, fiscal and monetary policy, and international trade. Required Textbook: Hubbard & O’Brien – Macroeconomics (3rd or 4th edition).

**Program Learning Goals**

These are the skills we try to help you build in all MVS courses:

1. Critical Thinking

2. Oral Communication

3. Written Communication

4. Collaboration

5. Conduct (Ethics)

6. Competency in Discipline

**Official Course Learning Objectives**

Students who successfully complete this course will be able to:

* Explain the workings of the national economy (L1, L3, L6)
* Describe and apply the scientific method to economic behavior (L1, L2, L3, L6)
* Interpret aggregate measures of economic activity (L1, L6)
* Describe the problems of unemployment and inflation (L3, L6)
* Evaluate the costs and benefits of alternative forms of public policy (L1, L2, L6)

In addition, as a General Education course, this course also seeks to:

* Foster an ability to think clearly and logically (L1);
* Prepare students to find and critically examine information (L1);
* Communicate at an appropriate level in both oral and written forms (L2, L3);
* Acquaint students with the physical universe and its life forms and to impart an understanding of scientific methodology and of mathematical concepts and quantitative reasoning (L1, L6);
* Cultivate through the study of philosophy, literature, languages, and the arts-intellect, imagination, sensibility, and sensitivity,
* Deal with human social, political, and economic institutions and their historical backgrounds, with human Behavior and the principles of social interaction (L1, L6), and
* Integrate their knowledge by forming an interdisciplinary and insightful approach to learning (L1, L6).

**How I view, design, and teach this course**

This course is taught at the high level necessary for you to understand key current economic issues and the impact that macroeconomic events and policies have on businesses and people everywhere. If you do well in this course, I can assure you that your understanding of macroeconomic principles will be at par with that of successful undergraduate students anywhere in the world.

The global economy is extremely competitive. Countries compete for investment, businesses compete for markets and resources, and people compete for jobs. Companies decide where they produce and whom they hire partially based on workers’ skills. Hundreds of millions of people in developing countries are becoming better trained and more educated every day, while we hear many stories about the decline of the US education system. My general goal here is to do my part and teach you a course that is as good as any macroeconomic principles course taken by those who will compete with you for jobs.

I believe my main role as a professor is to help you think through the material in a way that will lead you to understand and form a critical view of macroeconomic developments and policies. In order to succeed, I am also willing to provide extra help with any of the pre-requisite material needed to understand course principles and the issues discussed in the news every day. So you can expect this course to require more work than you are accustomed to; it certainly requires a lot more work from me. But I believe it is the right thing to do. Lowering the standards would be easier for us, but would also leave you unprepared for the job market and erode the value of a CSUCI degree for all students – former and future.

The textbook provides the foundation for the course. However, my lectures and assignments will also make extensive use of “case studies” based on current and past economic, political, and social events as reported or discussed in reputable media outlets (the Wall Street Journal, The New York Times, The Economist, etc.). These events may be discussed in class and/or provide context for exam questions. My main goal is to give you the basic tools to understand, analyze, and form a critical opinion about the main economic issues of our time. In many instances we will also discuss the links between economics, policies, politics, and social issues.

**What should you do to succeed in this course?**

1. *THINK about the material and its “real world” applications –* Memorizing information will not get you very far. You are expected to know why economic variables move up or down, how economic developments relate to each other, and how policy measures affect all this. Therefore, whether you are reading the textbook, studying for an exam, or attending my lectures, make sure you ask and understand “why”, make sure you ask and understand “how.” This is the kind of learning that will get you far in the course (i.e., grades) and in life (i.e., impressing the people who will hire and promote you).
2. *Don’t Just Show Up; Focus and Participate During Lecture* *–*  Make sure you really follow the discussion, understand each and every step taken to arrive at a certain conclusion, and take notes about the main discussion points (if you like taking notes). I see many students copying only what I put on the PowerPoint slides and what I scribble on the whiteboard. That is not very useful: first, because I post all my slides on Blackboard; second, what I write on the white board does not mean much if you do not put it in context (and context is given by the discussion during class time).
3. *Learn to Build the Bridges, Not Only to Describe the Islands –* And in this case, by islands I mean individual concepts/facts and by bridges I mean the logical connections among those concepts/facts and their “real world” implications.
4. *When Taking Notes and Studying the Material, Focus on the Bridges* *–* For instance: students who think it is sufficient to memorize that “an increase in interest rates reduces investment” will not do well in the course. Students who make sure to understand the channels through which an interest rate increase may reduce investment are likely to do much better. Sometimes I will only write on my slides that “an increase in interest rates reduces investment.” Everything else will come out during my explanation and our class discussions. You are then expected to follow, understand, and summarize the explanation and the discussion in your notes. If I gave you everything already written down, you wouldn’t be thinking about the process, so you wouldn’t be learning (you have a whole lot of things written down on your textbook, but buying a textbook doesn’t mean you learn the subject). Moreover, learning how to effectively follow a discussion, extract what is important, and arrange the main points in a logic sequence is an extremely valuable skill, even more valuable than the course subject.
5. *Come to Class* *–* I do not take attendance: I believe in freedom of choice and personal responsibility. But if you look at points 1-4 above, and if you remember that the course will be taught at a high level, you will probably arrive at the conclusion that coming to class is important.
6. *Read the Book* *–* The textbook is an extremely valuable source of information. You are expected to read every chapter covered in class – do not wait for specific reading assignments. My former students mentioned that reading the chapter before it is covered in class is very helpful.
7. *Read or watch (real) news* *–* and by adding “real” I intend to exclude “Showbiz Tonight,” E!News, and other similar shows (as fun as they may be). This course will be very much related to current events and economic issues. Try to test your knowledge as you watch/read the news: see if you can understand the arguments in the reports; come discuss them with me or mention them in class.

**How will you be graded?**

Mid-term exam = 25% Final Exam = 35%

Read-ahead Quizzes = 20% Country Research and Presentation = 20%

The final course grade is based on the percentage of total points earned throughout the semester calculated as the ratio of the weighted sum of all points earned to the weighted sum of all points possible. I expect the class average to be a C. As a general guideline, a weighted-average score of 60 percent would be needed for a D; 70 percent for a C; 80 percent for a B; and 90 percent or more for an A. Note that, for final course grades, I follow the ABCDF system, and there are no +- grades. Let me emphasize that I want you to learn, and I will be glad to provide you with extra help if needed: please don't hesitate to drop by during office hours or to make an appointment for another time. In addition, I strongly recommend you make use of the excellent economics tutors available at the library: call or visit the tutoring center for their schedule.

**What will the exams and quizzes be like?**

The exams in this course are designed to challenge your ability to apply the tools of economics and analyze real world problems. Memorizing concepts and definitions will not get you very far. Many questions may require you to read an excerpt from a recent news article, explain the economic reasoning behind it, identify problems and suggest solutions using the theory and concepts covered in the course. In addition to proper application of the analytical techniques (and extensive use of graphs), careful explanations in clear and concise written English are essential. Some questions will also require the use of math.

You are expected to read each textbook chapter before we discuss them in class. The weekly “read-ahead” quizzes are designed to test your initial reading and comprehension of the basic economic tools and concepts in each chapter. I strongly suggest you do the reading early enough to allow you to use my office hours or the tutors’ office hours to clarify any doubts you may have before taking the short “read-ahead” quiz. Your two lowest quiz scores will be dropped.

No phones, computers, I-pads, I-pods or similar gadgets are allowed during quizzes and exams. You may bring a simple algebra calculator (recommended). You must bring a green scantron to every quiz or exam.

THERE WILL BE NO MAKE UP QUIZZES OR EXAMS.

**Country Research and Presentation**

Working in groups of 4 students, your presentation should be a comparative study between the performances of the two countries in one of the following major macroeconomic issues: economic growth, inflation, and unemployment. You should compare the performances, analyze the reasons why they are different (or similar), and evaluate their impact on the overall economy. We will define the research issue and the countries of study for each group during the first few weeks of class. You should aim at a 12-minute presentation.

I will grade your presentation looking for a skillful application of the analytical tools covered in the course as well as critical and original thinking. The PowerPoint slides should be sent to me attached to an e-mail before November 22. This initial PowerPoint will count for 10 percent of your final grade in the course. I will then provide you with comments on this PowerPoint and allow you to incorporate these comments before you present it in class. The in-class presentation (and how well you answer questions) will count for the other 10 percent of your grade. Remember: gathering information will not earn you many points (anyone can Google!). You score points for clearly identifying and effectively defending a comparative hypothesis (the main message of your research) with the use of well-crafted arguments and data analyses. Discussing your ideas with me during the semester is “fair game” and strongly recommended.

I know some of you think of the presentation as an “easy credit.” DO NOT count on it. Not only I will carefully review the content of your presentation, I will also expect you to answer questions as you deliver your presentation: I will ask questions, your fellow students will ask questions. So you should read, prepare, and know a lot more about your countries and the issue you are studying than what you put on slide. For more details, please see the “Complement to the Syllabus” PowerPoint that is posted on Blackboard. The presentations will take place in the last two class meetings before the final exam.

**Practice Problems**

The textbook has several review questions and exercises at the end of the chapter. In addition, I will prepare and post problem sets after each major block of material. You do not have to turn them in and they will not be graded - it is your personal choice and responsibility to work on them. HOWEVER, I find it very unlikely that you will do well in the course without working through these problems. Please come to my office hours or visit one of the tutors and we will be glad to review your answers with you.

**Academic Honesty**

*1. Academic dishonesty includes such things as cheating, inventing false information or citations, plagiarism and helping someone else commit an act of academic dishonesty. It usually involves an attempt by a student to show possession of a level of knowledge or skill that he/she does not possess.*

*2. Course instructors have the initial responsibility for detecting and dealing with academic dishonesty. Instructors who believe that an act of academic dishonesty has occurred are obligated to discuss the matter with the student(s) involved. Instructors should possess reasonable evidence of academic dishonesty. However, if circumstances prevent consultation with student(s), instructors may take whatever action (subject to student appeal) they deem appropriate.*

*3. Instructors who are convinced by the evidence that a student is guilty of academic dishonesty shall assign an appropriate academic penalty. If the instructors believe that the academic dishonesty reflects on the student's academic performance or the academic integrity in a course, the student's grade should be adversely affected. Suggested guidelines for appropriate actions are: an oral reprimand in cases where there is reasonable doubt that the student knew his/her action constituted academic dishonesty; a failing grade on the particular paper, project or examination where the act of dishonesty was unpremeditated, or where there were significant mitigating circumstances; a failing grade in the course where the dishonesty was premeditated or planned. The instructors will file incident reports with the Vice Presidents for Academic Affairs and for Student Affairs or their designees. These reports shall include a description of the alleged incident of academic dishonesty, any relevant documentation, and any recommendations for action that he/she deems appropriate.*

*4. The Vice President for Student Affairs shall maintain an Academic Dishonesty File of all cases of academic dishonesty with the appropriate documentation.*

*5. Student may appeal any actions taken on charges of academic dishonesty to the "Academic Appeals Board."*

*6. The Academic Appeals Board shall consist of faculty and at least one student.*

*7. Individuals may not participate as members of the Academic Appeals Board if they are participants in an appeal.*

*8. The decision of the Academic Appeals Board will be forwarded to the President of CSU Channel Islands, whose decision is final.*

# Disability Accommodations:

# *Cal State Channel Islands is committed to equal educational opportunities for qualified students with disabilities in compliance with Section 504 of the Federal Rehabilitation Act of 1973 and the Americans with Disabilities Act (ADA) of 1990. The mission of Disability Accommodation Services is to assist students with disabilities to realize their academic and personal potential. Students with physical, learning, or other disabilities are encouraged to contact the Disability Accommodation Services office at (805) 437-8510 for personal assistance and accommodations.*

**Notice**

Information contained in this syllabus, other than that mandated by the University, may be subject to change with advance notice, as deemed appropriate by the instructor.

Program and Tentative Schedule\*

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| Week 1 | Chapter 1 | Key Economic Ideas and Models |
| Week 2 | Chapter 2 + Chapter 7 (pp. 209-213) | Comparative advantage; Circular Flow |
| Week 3 | Chapter 3 + Appendix | Demand and Supply; Basic Algebra |
| Week 4 | Chapter 8 | GDP |
| Week 5 | Chapter 9 | Unemployment; Inflation |
|  | Mid-term Exam |  |
| Week 7 | Chapter 10 (pp. 303-325) | Business Cycles; Financial System |
| Week 8 | Chapter 11 (pp. 337-349) | Long-term Growth |
| Week 9 | Chapter 12 | Aggregate Expenditure; the impact of fiscal policy |
| Week 10 | Chapter 13 | Aggregate Demand; Aggregate Supply; The impact of Fiscal and Monetary Policies |
| Week 11 |
| Week 12 | Chapter 14 | Money and the Federal Reserve |
| Week 13 | Presentations of Country Research |

* Subject to change. Check Blackboard for updates.