

Econ 232: Macroeconomic Principles and Social Issues

Western Carolina University

Fall 2015 | Section 05 | Tuesdays & Thursdays 11:00-12:15 | Forsyth 302

Instructor: Edward J. Lopez, Professor of Economics and BB&T Distinguished Professor of Capitalism
Office: Forsyth 224C | Email: ejlopez@wcu.edu | Web: faculty.wcu.edu/ejlopez | Phone: 828-227-3723
Office Hours: Tue & Thu 12:15-1:15 in person, Wed. 4:30-5:30pm on Blackboard chat, & by appointment

I. Purpose:

In this class you will learn how to analyze and meaningfully understand the economic, social, and political world around us. While Economics is often thought of as being about money, in fact it is a social science that helps understand how the world works. This class will analyze the area of social life known as *the macro economy*, which includes everything from business, politics, history, ideas, and simply everyday life. I love teaching and I love Economics. I encourage you to stay **curious** about the world, stay **current** with the work, and stay **connected** with me and with each other through Student Groups (explained below). If you work hard, and if I do my job right, then we'll all have fun, you'll come to analyze and understand the world around you better, and this could become one of the best classes you take in college.

II. Course Aims and Objectives:

Your goals (learning objectives):

1. Learn the economic way of thinking to appreciate the capabilities and limitations of macroeconomic policy.
2. Become permanently versatile with analysis of economic indicators such as gross domestic product, inflation, interest rates, unemployment, and others.
3. Learn to use economic history and economic theory to understand the short-run and long-run performance of the economy and economic policy.
4. Understand and explain long term economic growth.

My goals:

1. Inspire students to put forth the effort needed to achieve the above goals.
2. Exemplify how to use economics to achieve the above goals.
3. Provide a clear and fair structure of learning and grading.
4. Make economics enjoyable and important for students.

In addition, this is a **Liberal Studies** course that satisfies the P1 Social Sciences requirement of the Liberal Studies Program. Therefore this course emphasizes reading, writing, and the use of information, as well as one or more of the following: critical analysis, oral communication, service learning, moral reflection, and cultural diversity. The learning goals of the Liberal Studies Program are for students to:

- Demonstrate the ability to locate, analyze, synthesize, and evaluate information;
- Demonstrate the ability to interpret and use numerical, written, oral and visual data;
- Demonstrate the ability to read with comprehension, and to write and speak clearly, coherently, and effectively as well as to adapt modes of communication appropriate to an audience;
- Demonstrate the ability to critically analyze arguments; demonstrate the ability to recognize behaviors and define choices that affect lifelong wellbeing;
- Demonstrate an understanding of:
 - Past human experiences and ability to relate them to the present;
 - Different contemporary cultures and their interrelationships;
 - Issues involving social institutions, interpersonal and group dynamics, human development and behavior, and cultural diversity; scientific concepts and methods as well as contemporary issues in science and technology;
 - Cultural heritage through its expressions of wisdom, literature and art and their roles in the process of self and social understanding.

III. Course Materials and Topic Coverage:

Required course readings:

- *Macroeconomics*, by McConnell, Brue, and Flynn, 20th Edition (“McConnell textbook”)

Required multimedia:

- Various media files, listed in the Course Schedule below and accessible on the Internet without payment

IV. Grading Procedures:

A perfect score in this class is **1,050 points**. Your letter grade will correspond the number of points you accumulate over the semester:

970-1050...A+	870-899...B+	770-799...C+	670-699...D+
940-969 ...A	840-869...B	740-769...C	640-669...D
900-939 ...A-	800-839...B-	700-739...C-	600-639...D-
			0-590...F

You accumulate points in the following categories:

Point Opportunity	Points Possible =
Pop Quizzes approximately 7 total	150
Homework approximately 7 total	200
Midterm Exam 1	200
Midterm Exam 2	200
Final Exam partially cumulative	250
Extra Credit	50
Total	= 1,050 points

Pop Quizzes are unannounced, held in class, and consist of multiple choice and written questions on the material currently being covered. Each quiz will be graded on a 0-100 point scale. To convert to the above point scale: drop the two lowest quiz scores, take the average of the rest, then multiply by 1.5.

Homework will be submitted on Blackboard and will consist of written questions and problems about the media assignments and material as covered in class. Each homework will be graded on a 0-100 point scale. To convert to the above point scale: drop the two lowest homework scores, take the average of the rest, then multiply by 2.

Midterm Exams are held in class and consist of multiple choice and written questions similar to the Sample Questions posted to Blackboard. Each Exam will be graded on a 0-100 point scale. To convert to the above point scale multiply by 2.

Final Exam is the same format as the midterm; it will be held in class and will be partially cumulative: approximately two-thirds of the Final will consist of slightly altered questions from the Midterm Exams, and approximately one-third will consist of new questions from material covered after Midterm Exam 2. The Final Exam will be graded on a 0-100 point scale. To convert to the above point scale, multiply your score by 2.5.

Extra credit: You will have the opportunity to attend visiting lectures on campus and earn extra credit by submitting written summaries and analyses. I will explain the details in class. Also, I will occasionally collect work in class and count that as extra credit.

V. Course Policies:

Student Groups:

At the beginning of the semester, each student will be joined into two separate small groups. You will exchange contact information, work on group projects together both in and out of class, and be resources for each other.

Beyond the structure provided by the course, you're free to interact in any way you want. Studying together and making friends are just two good ideas! Relying on your small group if you have to miss class is another.

Attendance Policy:

After the first two weeks I do not take regular attendance. Attendance is required for earning points on pop quizzes and exams. You are free to decide whether to attend class, and you alone are responsible for the consequences. If you miss a class, it is your responsibility to stay in touch with your small groups in order to stay current with the course. Come to class on time and avoid leaving early—doing otherwise is unprofessional and disruptive.

Make up work:

- Make up exams will be available only with a university excused absence and with advance notice of at least one class meeting. You are responsible for knowing and understanding WCU's official policy here: http://www.wcu.edu/WebFiles/PDFs/ClassAttendancePolicy_IV_Revised_3-20-08.pdf.
- Assignments missed due to unexcused absence are not eligible for make-up.
- I will consider exceptions for emergency situations case-by-case and if I am notified within one class day.

Communications Policy:

I treat this class as a professional environment. As professionals, we are all responsible for communicating with each other in professional manners. This applies to both spoken and written word. In class use proper decorum and avoid disruptive side conversations. In written word, use proper spelling, grammar, punctuation, capitalization, and language. You will need to do so in the professional world, so you should start doing so now. Here are some useful tips for you to consider adopting:

- http://careerplanning.about.com/od/communication/a/email_etiquette.htm
- <http://www.discoverpraxis.com/blog/how-to-use-email/>
- <http://www.discoverpraxis.com/blog/how-to-improve-your-email/>
- <http://101emailtippettips.com/>

Blackboard: All course communications will be channeled through Blackboard.

- I will post occasional Announcements to Blackboard that will automatically be forwarded to your Catamount email address. You are responsible for staying current with your email.
- I will activate Discussion Boards for general questions and comments. Students can also create new threads for discussing more specific items.
- I will also post the following to Blackboard: Sample Questions (for studying and exam preparation), PPT Slides after each lecture, Homework Assignments, Answer Keys.

Email Policy:

- I never accept assignments via email attachment, nor do I discuss grades over email.
- Since I do not take attendance, you are not required to email me about missing a class.
- Please consult this Syllabus and the Blackboard announcements prior to emailing me with administrative and policy questions.

Device Policy:

- Calculators are allowed during quizzes and exams. Smart phones and other devices that happen to have a calculator on them are not allowed. No exceptions.
- I encourage you to bring your smart phone or tablet to class, but only for the purpose of looking up information relevant to class. No unrelated messaging or browsing during class time.
- I discourage you from bringing laptop computers or other devices that have a full-sized keyboard. Recent research has shown that using a laptop deters from effective learning. Here are just two of many articles that explain the reasons.
 - o <http://www.scientificamerican.com/article/a-learning-secret-don-t-take-notes-with-a-laptop/>
 - o <http://www.washingtonpost.com/news/national/wp/2014/08/26/ditch-the-laptop-and-pick-up-a-pen-class-researchers-say-its-better-for-note-taking/>
- Turn your devices onto silent mode.
- No wearing headphones.

Finally:

- Class participation, judged in terms of meeting these Class Policies, will be considered in the case of borderline grades. Persistent failure to meet these Class Policies will result in grade reductions.
- No eating in class. No exceptions. Soft drinks are okay.

VI. University Policies Applicable to this Course:

Blackboard Support:

The learning management system for this class is Blackboard and can be found at: <http://wcu.blackboard.com>. Phone and Online Chat support with Blackboard can be found at: <http://wcu.edusupportcenter.com>, 866-374-8144. Additional on-campus support can be found at: <http://tc.wcu.edu>, (828) 227-7487 or by visiting the Technology Commons located on the ground floor of the Hunter Library.

Statement on Academic Integrity (including plagiarism):

Academic dishonesty, including both plagiarism and cheating on exams, or in any way presenting another's work as your own, will not be tolerated. The first incident will result in a grade of zero for the assignment or exam in question and the second incident will result in an automatic grade of "F" for the course. All incidents will also be documented and put on file with WCU's Judicial Affairs office. Students are required to know and comply with WCU's Academic Integrity Policy and Reporting Process, available at <http://www.wcu.edu/student-life/DeanOfStudents/AcademicIntegrity/academicintegrity.asp>

Statement on Accommodations for Students with Disabilities:

Western Carolina University is committed to providing equal educational opportunities for students with documented disabilities and/or medical conditions. Students who require reasonable accommodations must identify themselves as having a disability and/or medical condition and provide current diagnostic documentation to Disability Services. All information is confidential. Please contact the Office of Disability Services for more information at (828) 227-3886.

Student Support Services provides support to students who are either first-generation, low-income or those who have disclosed a disability with: academic advising, mentoring, one-on-one tutorial support, and workshops focused on career, financial aid and graduate school preparation. You may contact SSS at (828) 227-7127 or email sssprogram@wcu.edu for more information. SSS is located in the Killian Annex, room 138.

Writing and Learning Commons (WaLC) located in BELK 207, provides free small-group course tutoring, one-on-one writing tutoring and academic skills consultations, and online writing and learning resources for all students. All tutoring sessions take place in the WaLC or in designated classrooms on campus. To schedule tutoring appointments, log in to TutorTrac from the WaLC homepage (<http://walc.wcu.edu>) or call 828-227-2274. Distance students and students taking classes at Biltmore Park are encouraged to use Smarthinking and the WaLC's online resources. Students may also take advantage of writing tutoring offered at the Biltmore Park campus on certain days of the week; call 828-227-2274 or log in to TutorTrac and select "Biltmore Park Writing Tutoring" for availabilities.

The Mathematics Tutoring Center (455 Stillwell, <http://mathlab.wcu.edu>, 227-3830) provides tutoring in all lower-division math and many CS courses, help with mathematical concepts in other disciplines, and workshops on study skills specific to mathematics courses. Tutoring is available on a drop-in basis, 9-5 and 6-9 pm Monday-Thursday, and 9-5 on Friday or by appointment.

WCU's Academic Calendar includes dates for all breaks, university closures, final exams, etc. The academic calendar can be found at: <http://www.wcu.edu/academics/campus-academic-resources/registrar-office/academic-calendar.asp>.

VII. Some Good Ideas For You:

- Organize your paperwork and written notes! Keep hard copies of your graded assignments because these will be valuable study aids on subsequent quizzes and exams. Use 3-ring binders and punched paper; do not use spiral notebooks!

- Bring your textbook to class since we'll sometimes work problems and refer to specific pages.
- Study smart not just hard! Use this five-part video series to improve your study skills and learn how to practice deep-process learning:
<https://www.youtube.com/watch?v=RH95h36NChI&index=1&list=PL85708E6EA236E3DB>

How to get an 'A' in this class: Stay Curious, Current, and Connected:

1. Stay curious about the world: Economics is an exciting and even fascinating way to understand the world around you. You wouldn't try to learn how to swim without getting in the water, would you? So jump right in! Throughout the semester, we'll discuss real-world issues, practical tools of analysis, and interesting stories. Everything is at your fingertips, so stay curious about the world, and do well in this class!
2. Stay current with the work: Three steps: 1) do the Reading & Media assignments before class; 2) come to class prepared to take good notes and ask good questions, then re-write your class notes at least once a week—this is the greatest study habit ever invented; 3) stay current with Homework and Quizzes because they definitely add up. If you do these three, the rest will follow.
3. Stay connected: Utilize study groups to make friends and learn together. Economics can be hard, but it's very rewarding when you begin to figure things out, and it's even more rewarding when you learn economics in groups. Also stay connected with me. See my Office Hours above. Use them. Don't wait until it's too late.

By taking this course you're making an investment in your human capital. Don't waste it!

COURSE SCHEDULE

The agenda below lists important dates and Topics to be covered. The separate topics are not modular; they are continuous and cumulative. Reading and Media Assignments must be completed before the class period to which they are assigned.

MC = McConnell textbook. KA = Khan Academy. MRU = Marginal Revolution University

Week	Dates	Agenda
1	Aug 18, 20	<p>Topic I (Money, Money Supply, The Federal Reserve System, Basics of Monetary Policy)</p> <p><u>Required Reading Assignments:</u> MC Ch. 2, pp.36-37 (Use of Money) MC Ch. 14, pp.314-320 (M Aggregates, What Backs Money, Stabilizing Purchasing Power) MC Ch. 14, pp.320-324 (Federal Reserve System) MC Ch. 16, pp. 352-354 (market for money)</p> <p><u>Required Media Assignments:</u> MRU, “Origins and Uses of Money” (3:36) http://www.youtube.com/watch?v=xyWMsfug6RU “I, Pencil” (the video) (6:33) http://www.youtube.com/watch?v=IYO3tOqDISE KA, “Bitcoin: What is it?” (9:06) https://www.khanacademy.org/economics-finance-domain/core-finance/money-and-banking/bitcoin/v/bitcoin-what-is-it</p> <p><u>Optional/Further Assignments:</u> KA: Course on “Money, Banking and Central Banks”</p>
2	Aug 25, 27	<p>Topic II (Spontaneous Order, Lessons of the Pencil, Overview of U.S. Economic History)</p> <p><u>Required Reading Assignments:</u> Leonard Read, “I, Pencil,” (the essay) http://www.econlib.org/library/Essays/rdPncI1.html</p> <p><u>Required Media Assignments:</u> Milton Friedman, “Lessons of the Pencil” (10:00) http://www.youtube.com/watch?v=4ERbC7JyCfU Jim Otteson, “Adam Smith and the Invisible Hand” Learn Liberty, (2:33) http://www.learnliberty.org/videos/adam-smith-the-invisible-hand/ I, Pencil Extended Commentary, “Creative Destruction” (2:53) http://www.youtube.com/watch?v=8N08Kkjq9gA MRU, “Division of Labor & Pin Factory” (3:24) http://www.youtube.com/watch?v=AA4ej9aYyY</p> <p><u>Optional/Further Assignments:</u> F. A. Hayek (1945) “The Use of Knowledge in Society” http://files.libertyfund.org/files/92/Hayek_0766_EBk_v7.0.pdf MRU, “Hayek’s Individualism and Economic Order” (4:17) http://mruniversity.com/courses/great-economists-classical-economics-and-its-forerunners/Friedrich-Hayek-Individualism-Economic-Order-Summary</p>
3	Sep 01, 03	<p>Topic III (Comparative Advantage: A Model of Specialization and Exchange)</p> <p><u>Required Reading Assignments:</u> MC Ch. 20, pp.443-452 (Trade & Comparative Advantage) MC Ch. 20, p.463 (Petition of the Candlemakers, 1845)</p> <p><u>Required Media Assignments:</u> Steven Tomlinson, “Production Possibilities Frontier,” Thinkwell Macroeconomics, [Click 1st of 4 “Sample Video Lessons”]: http://www.thinkwell.com/student/product/macroeconomics (18:18) MRU, Sources of Comparative Advantage http://mruniversity.com/courses/international-trade/sources-comparative-advantage (8:03)</p> <p><u>Optional/Further Assignments:</u> MRU, “Truck and Barter” http://www.youtube.com/watch?v=6B4XDOJhDSU</p>
4	Sep 08, 10	<p>Topic IV (Labor Markets and Unemployment)</p> <p><u>Required Reading Assignments:</u> MC Ch. 9, pp.198-204 (Unemployment)</p>

MC Ch. 20, p.463 (Bastiat's "Petition of the Candlemakers" 1845)

Required Media Assignments:

MRU, Joseph Schumpeter <http://mruniversity.com/courses/development-economics/joseph-schumpeter> (2:26)

KA, Unemployment <https://www.khanacademy.org/economics-finance-domain/core-finance/current-economics/unemployment-tutorial/v/unemployment> (12:52)

The Simpsons, clip: "Who Shot Mr. Burns?" <http://www.criticalcommons.org/Members/AdrianFohr/clips/the-candle-makers-petition>

Optional/Further Assignments:

EconTalk, Enrico Moretti, 6/25/2012: http://www.econtalk.org/archives/2012/06/moretti_on_jobs.html (especially 0:00-26:00)

5 Sep 15, 17 Tues: Review
Thur: **MIDTERM EXAM #1**

6 Sep 22, 24 Topic V (Boom-Bust Cycles)

Required Reading Assignments:

MC Ch. 9, pp. 196-198 (Basics of Business Cycles)

NBER Business Cycle Dating Committee, "September 20, 2010 Announcement"
<http://www.nber.org/cycles/sept2010.html>

Required Media Assignments:

KA, Components of GDP <https://www.khanacademy.org/science/macroeconomics/gdp-topic/GDP-components-tutorial/v/components-of-gdp> (4:58)

KA, Real and Nominal GDP <https://www.khanacademy.org/economics-finance-domain/macroeconomics/gdp-topic/real-nominal-gdp-tutorial/v/real-gdp-and-nominal-gdp> (8:04)

Learn Liberty, Stephen Davies, History of Booms and Busts (Asset Bubbles) <http://www.learnliberty.org/videos/a-history-of-economic-booms-and-busts/> (2:38)

Optional/Further Assignments:

7 Sept 29, Oct 01 Topic VI (The Great Depression & WWII, 1920s-1946 + The Banking System and Money Creation)

Required Reading Assignments:

MC Ch. 15, pp. 335-347 (Fractional Reserve Banking; Money-Creating Transactions; How the Banking System Creates Money)

Required Media Assignments:

Khan Academy, Fractional Reserve Banking <https://www.khanacademy.org/economics-finance-domain/macroeconomics/monetary-system-topic/fractional-reserve-banking-tut/v/overview-of-fractional-reserve-banking> 8:28)

Learn Liberty, Tyler Cowen, Sticky Wages and Prices <http://learnliberty.org/videos/business-cycles-explained-sticky-wages-prices> (4:03)

It's a Wonderful Life, bank run <http://www.youtube.com/watch?v=lbwjS9iJ2Sw> (6:43)

Learn Liberty, Stephen Davies, Myths About Great Depression <http://www.learnliberty.org/videos/top-three-myths-about-the-great-depression-and-the-new-deal/> (2:12)

Optional/Further Assignments:

Documentary: The Commanding Heights, (2002) http://www.youtube.com/watch?v=MCYU_HviAh0 (Part I, 0:00-21:55)

8 Oct 06, 08 Topic VII (Schools of Economic Thought: Keynes, Hayek, Friedman, Buchanan)

Required Reading Assignments:

TBD

Required Media Assignments:

- Khan Academy, Weaknesses of Fractional Reserve Banking <http://youtu.be/1HYSMxu-Dns> (7:33)
Learn Liberty, Tyler Cowen
- Keynes (Keynesian): <http://learnl Liberty.org/videos/business-cycles-explained-keynesian-theory> (5:11)
- Hayek (Austrian): <http://learnl Liberty.org/videos/business-cycles-explained-austrian-theory> (4:36)
- Friedman (Monetarism): <http://learnl Liberty.org/videos/business-cycles-explained-monetarist-theory> (2:51)

Optional/Further Assignments:

- Khan Academy, Full Reserve Banking, <https://www.khanacademy.org/economics-finance-domain/macroeconomics/monetary-system-topic/fractional-reserve-banking-tut/v/full-reserve-banking> (7:30)

9 Oct 13, 15 **WCU Fall Break – No Class**

10 Oct 20, 22 Topic VIII (Inflation & Interest Rates)

Required Reading Assignments:

- MC Ch. 9, pp.179-187 (Inflation, again)
MC Ch16, pp.352-354 (Money Demand, Market for Money, Equilibrium Interest Rates)

Required Media Assignments:

- Learn Liberty, Antony Davies, Why Not Print More Money? <http://learnl Liberty.org/videos/why-not-print-more-money> (3:17)
Learn Liberty, Steve Horwitz, Is the Cost of Living Really Rising? (3:32)
<https://www.youtube.com/watch?v=W8SLIt7xZxU>
Learn Liberty, Don Boudreaux, Have Wages Really Stagnated? <http://learnl Liberty.org/videos/real-truth-about-economy-have-wages-stagnated> (5:13)

Optional/Further Assignments:

- Khan Academy, Intro to Inflation: <https://www.khanacademy.org/economics-finance-domain/macroeconomics/inflation-topic/cost-of-living-tutorial/v/introduction-to-inflation> (7:33)

11 Oct 27, 29 Tues: **October 27 is Advising Day—No Classes**
Thur: Cushion, catch up, etc.

12 Nov 03, 05 Topic IX (The Keynesian Boom, Stagflation, and Government Debt, 1946-1981)

Required Reading Assignments:

- Education Portal, Stagflation <http://education-portal.com/academy/lesson/stagflation-definition-causes-effects.html#lesson>
Concise Encyclopedia of Economics, “Government Debt and Deficits”
<http://www.econlib.org/library/Enc/GovernmentDebtandDeficits.html>

Required Media Assignments:

- The Commanding Heights Part 1, http://www.youtube.com/watch?v=MCYU_HviAh0 (36:35 - 1:22:10, starts with scene titled “New Hampshire 1944”)

Optional/Further Assignments:

- Khan Academy, “Moderate Inflation in a Good Economy,” <https://www.khanacademy.org/economics-finance-domain/core-finance/inflation-tutorial/inflation-scenarios-tutorial/v/moderate-inflation-in-a-good-economy>
Khan Academy, “Stagflation” <https://www.khanacademy.org/economics-finance-domain/core-finance/inflation-tutorial/inflation-scenarios-tutorial/v/stagflation>

13 Nov 10, 12 Tues: Review
Thur: **MIDTERM EXAM #2**

14 Nov 17, 19 Topic X (Economic Growth)

Required Reading Assignments:

- MC Ch. 8, pp. 173-191 (Growth)

Required Media Assignments:

MRU, Basic Facts of Growth and Development, <http://mruniversity.com/courses/development-economics/basic-facts-growth-and-development> (13:17)

MRU, Importance of Institutions Brief, <http://mruniversity.com/courses/development-economics/importance-institutions-brief> (5:00)

Learn Liberty, Joshua Hall, Economic Freedom and Growth <http://learliberty.org/content/economic-freedom-and-growth> (3:10)

Optional/Further Assignments:

15 Nov 24, 26

Topic XI (The Great Moderation, 1982-2006)

Thur: **Thanksgiving is November 26—No Class**

Required Reading Assignments:

Ben Bernanke speech, "[The Great Moderation](#)," 2/20/2004

Required Media Assignments:

Optional/Further Assignments:

16 Dec 01, 03

Topic XII (The Great Recession, 2006-)

Required Reading Assignments:

Chapter 14, pp.224-230

Chapter 13 all

Required Media Assignments:

KA, Wealth Destruction 1 (housing bubble) <https://www.khanacademy.org/economics-finance-domain/core-finance/housing/investment-consumption/v/wealth-destruction-1> (10:30)

Learn Liberty, Antony Davies, Does Stimulus Work? <http://learliberty.org/content/does-stimulus-spending-work>

EconTalk, Lee Ohanian 8/20/2012: http://www.econtalk.org/archives/2012/08/ohanian_on_the.html (0:00-3:30, 7:45-14:15, 23:58-26:45, 37:00-45:02) (20:49 total) Rest is optional.

Optional/Further Assignments:

17 Dec 08

FINAL EXAM: Tuesday December 08, 12:00-2:30 p.m. in regular classroom
