

Introductory Macroeconomics

Fall 2018

Professor:

Professor Ajay Shenoy
Rm. 455, Engineering 2
azshenoy@ucsc.edu

Head TA:

Alan Ledesma
aledesm6@ucsc.edu

Course Information:

Lecture: MWF 8:00-9:05, J Basking Auditorium 101
Professor's office hours: Monday 10:00AM – 12:00 PM, Rm. 455, Engineering 2

TA Sections and Office Hours: TBA

Course Description

In this course we will study the economy as a whole—that is, the macroeconomy. First we will study its behavior in the long run, considering questions such as why some economies grow while others stagnate, and how financial markets sustain economic growth. Second we will study the macroeconomy in the short run, considering questions such as why there is unemployment, why there are recessions, and how/if governments can mitigate them. Third, we will study the international economy, considering questions such as who benefits from international trade and how cross-country investment ties the world together.

Course Objectives

By the end of this class I aim to teach you two skills:

1. *How to think like an economist:* Thinking like an economist does not mean taking any particular position on policy, but approaching policy like a scientist. This means clearly stating your assumptions about the world, following those assumptions to their logical conclusions, and assessing whether both assumptions and conclusions match the world around us. Economists get from their assumptions to their conclusions using mathematical models. More than anything, thinking like an economist means thinking in terms of models, even as you understand the limitations of each model. When you leave this class you will have some sense of what it means to continue in the economics major and of what it means to be an economist.
2. *How to solve society's problems as an economist would:* Many of you have come to UCSC hoping to make the world a better place. Knowing economics is the best way to turn hope into practical

solutions. One of our jobs as economists is to propose solutions to social problems. When you leave this class you will have some sense of how economists approach society's problems, and how you can use the models you've learned to solve those problems. Though the models of this class are gross simplifications, and thus the solutions we find will have limitations, you will leave knowing how further study in economics may help you make the world a better place.

Grading

- ✓ **Exams (60%):** There will be one midterm worth 25% and a cumulative final exam worth 35%. The assigned final exam slot is Monday, December 10 from 1 PM to 3 PM (note that this is a 2-hour final). If you have a conflict with that exam date/time you cannot take this class. The midterm will be in lecture on Wednesday, October 31. You should make sure to be there, as I will not offer a make-up midterm. *Full final option:* You have the option of putting the entire weight of your exam grade (60%) on the final, essentially dropping your midterm grade. You may make this decision at any point up until 11:59 PM on Sunday, 10 June. Think carefully before you take this option. The final exam is cumulative. Many students find it more difficult than the midterm. The average grade is typically lower.
- ✓ **Discussion Section (20%):** When you enrolled in this class you signed up for a discussion section. *You must attend the section you are enrolled in.* You should expect to take a **quiz in section** that covers the material from the previous homework assignment. Your grade for each day of section will be based on both attendance and your grade on any quiz given that day. Your lowest section grade will be dropped.
- ✓ **Homework (15%):** You have homework due most weeks. The assignment will be posted on Canvas. To complete it you must write out your solutions, scan or photograph what you've written, combine the files into a single PDF, and upload the PDF to Canvas.¹ Make sure your scans/photos are clear, and that you upload a single file. *You will not get credit if the TA is unable to read your assignment.* You are responsible for ensuring your homework is uploaded by the deadline and in proper condition. We will not make allowances for cases where you upload the wrong file or there is a connection error just before the deadline (I suggest you upload your homework well before the deadline to avoid this problem).
Homework is a chance to learn the material and (if need be) make mistakes. The TAs will grade homework for effort rather than accuracy. See below for an explanation of how homework will be graded. Your lowest homework grade will be dropped.
- ✓ **Top Hat Quizzes (5%):** During lecture I will periodically give quizzes that you must answer using Top Hat, and take attendance using Top Hat. See the instructions below on how to get a Top Hat subscription. Your Top Hat participation grade is assigned on a daily basis and is based solely on effort; that is, you will get credit for the day if you answer all of the questions, whether correct or

¹ I suggest you use a smart phone app to do this all in a single step. For example, the "Tiny Scanner" app, available for both iPhone and Android, will take pictures and spit out a single PDF file.

not. The exception to this rule is **flipped classes**, where correct answers earn extra credit. **Being late is not an excuse for missing quizzes.** If I give a quiz in the first 5 minutes of class and you show up 6 minutes late, you will not get credit. **I reserve the right to take attendance at any time during lecture.** I will drop the lowest 5 five days to make sure you're not penalized if you are sick or forget your device on a few occasions. **I will start asking Top Hat questions on 1 October.**

Errors in Grades

Grades will be posted regularly on Canvas. If you believe there has been a mistake in any grade you have **two weeks from the date it was posted** to bring it to the attention of your TA. After that the grade posted online stands (think of this as a statute of limitations).

Grade Cutoffs

When the time for final grades comes, I often receive emails like this: "I'm really close to the cutoff for a [LETTER GRADE]. Is there any way my grade can be rounded up?" **Such emails will go unanswered.** There is no reason your grade should be rounded up when the grades of others are not.

Missed Assignments

Since we drop the lowest homework and section grades, we drop the lowest 5 Top Hat grades, and you have the full final option for the midterm, **we will not be making special accommodations for illness.** If you have a long-term illness or other condition that prevents you from completing your coursework, please contact your residential college to discuss a medical withdrawal.

Missed Exams

I can't let anyone take an exam at a different time than the scheduled exam times. This class is so big that there's no way to keep the exam secret after someone has taken it. If you miss the midterm exam for any reason you must take the full final option. If you miss the final exam your only option is to take an incomplete until you can take the final exam of a future Econ 2 class.

Cheating

Cheating is wrong. You know it's wrong, and the University knows it's wrong. Any student caught cheating will fail the course and suffer whatever non-academic punishment the University deems appropriate. The overwhelming majority of you will never try to or want to cheat, and for your sake we will do our best to keep the playing field level.

Grade Distribution

Exam grades will be curved to ensure the distribution of final grades is no worse than the historical distribution for introductory economics classes. Elementary game theory shows that it is in your interest to study as though there is no curve, as doing far worse than your fellow students will doom your grade.

Readings and Lectures

Your course booklet contains most of the lecture slides (though I may update slides as the quarter progresses). Reviewing these slides beforehand and taking notes on them during lecture will help you learn the material. There will also be video recordings of each lecture posted afterwards. These recordings

are meant to help you catch up if you are forced to miss a lecture. It would be foolish to skip lecture and simply watch the recordings; you have to sit through the lecture eventually, so you may as well come to lecture and get the credit for attending.

Web cast url: <https://webcast.ucsc.edu>

Web cast username: econ-2-1

Web cast password: wtf8am

The course booklet is the only required text. But some people find it useful to also read *Modern Principles: Macroeconomics* by Tyler Cowen and Alex Tabarrok (ISBN-10: 1319098770). Any edition from 2 onwards will work. Last quarter most students said they didn't bother getting the textbook and didn't feel any worse for it. But some students find the textbook to be a useful supplement to my lectures. Often I explain a concept differently from the textbook; coming to lecture and reading the textbook might give you a more complete understanding of the material. I've put roughly 10 copies on reserve at both McHenry Library and the Science and Engineering Library. **I suggest you try reading it at the library before deciding whether to buy your own copy on Amazon, etc.**

Piazza, Email, and Questions about Course Material

We will coordinate questions and discussions through Piazza. Here is how to handle each type of question.

If you have a question about...	...you should ask it by:
Course material	Posting a public question on Piazza
General question about assignments	
Question about <u>your</u> grade or <u>your</u> assignment	Posting a private question to "Instructors" on Piazza
Question about your situation that you prefer your TA not to see	Email the professor

Please follow the table when asking questions. It is far more efficient to have your course-related questions answered publicly, as others will almost surely have the same question. It is far safer to send your grade-related questions as private questions through Piazza, as that ensures the proper TA will see it and the Head TA can make sure your question is answered punctually. If you send me a question that ought to go through Piazza I will (politely) direct you to repost it. Sign up for the Econ 2 Piazza site at <http://piazza.com/ucsc/fall2018/econ201> .

Online Etiquette

Before posting anything on Piazza, contributing to an in-lecture Top Hat discussion, or sending an email to me or your TA, think about whether you would be willing to say to our faces what you intend to write.

Nothing you post to the forum or to in-lecture discussion is truly anonymous. You can hide your name from your fellow students but not from me or the TAs. Posting something is like standing up and

announcing it in lecture. I will not tolerate rudeness either on the forum or in lecture. If you are disrespectful towards me, the TAs, or your fellow classmates **I will ban you from the forum**. You have been warned.

Check the Syllabus First!

Roughly 90 percent of the questions I get by email are answered in this syllabus. Please **check the syllabus first** if you have a question about course administration. The TAs and I reserve the right to answer questions already answered in this syllabus by directing you back to the syllabus.

Ask your question to the right person, through the right medium!

If you send a question to the wrong place (i.e. not as noted in the table above) we will redirect you. You'll get your question answered more quickly if you send it to the right place to begin with.

Top Hat Instructions

We will be using the Top Hat (www.tophat.com) classroom response system in class. You will be able to submit answers to in-class questions using Apple or Android smartphones and tablets, laptops, or via text message (SMS). *Text message is not ideal, as some questions require drawing or matching.*

You can visit <https://support.tophat.com/s/article/Student-Top-Hat-Overview-and-Getting-Started-Guide> for the Student Quick Start Guide which outlines how you will register for a Top Hat account, as well as providing a brief overview to get you up and running on the system. An email invitation will also be sent to your email account (if you don't receive this email, you can register by visiting our direct Top Hat course URL www.tophat.com/e/560514)

Top Hat will require a subscription. There are three options to choose from:

- \$20 for 4 months of unlimited access
- \$30 for 12 months of unlimited access
- \$72 for lifetime [5 year] access

Homework Grading

Homework will be graded out of three points. You will receive full credit if you turn the assignment on time and it is 100% complete. You will lose points for tardiness or incompleteness:

- Tardiness
 - You'll lose 1 point if you turn the assignment in the day after the deadline (even if its just a few minutes late)
 - You'll get no credit if you turn in the assignment after that
- Incompleteness
 - You'll lose 1 point if there is anything missing (even one part of one question)
 - You'll lose 2 points if you're missing a substantial part of the homework, but it is at least half complete
 - You'll get no credit for an assignment less than half complete
- Failure to follow directions
 - You'll lose 2 points if you fail to upload your homework as a single file

We will not make any allowance for cases where you upload the wrong assignment—it will be counted as though you had not turned in the assignment until you correct the error. The grader will judge whether your assignment is complete. The grader is instructed to consider poor effort (i.e. nonsensical equations) as an incomplete assignment.

Disability Accommodation

If you qualify for classroom accommodations because of a disability, please **1) get an accommodation form from the Disability Resource Center (DRC), and 2) get me a copy of the form either by email or as a hard copy.** You may contact DRC by phone at 831-459-2089 or by email at drc@ucsc.edu. If you qualify for extra time or other exam accommodations, the econ department staff will contact you shortly before each exam to tell you when and where you will take the exam.

Counseling Services

College is stressful, and for various reasons you may need help or support. These resources can help you:

Counseling and Psychological Services (CAPS)
Available for all UCSC students, regardless of insurance coverage
<http://caps.ucsc.edu/>
831-459-2628 (for scheduling appointments, as well as 24-hour support)

Confidential Victim Advocates
Available for all UCSC affiliates for have experienced sexual assault, dating violence, domestic violence or stalking
<http://care.ucsc.edu/>
831-502-2273
care.ucsc.edu

As noted under "missed assignments," if you are having stress or psychological problems that persistently affect your performance in classes, you should contact your residential college to discuss a medical withdrawal.

Course Calendar

Note: This calendar may change if we run ahead or behind schedule. Changes will be announced on Piazza. I will try to remind you as due dates and exams approach, **but it is your responsibility to check the calendar, Piazza, and Canvas.**

Day of Week	Date	Lecture	Quiz	HW Due	Prep for Flipped Class	Optional Reading
F	28-Sep-18	Intro				
M	1-Oct-18	Supply & Demand				Ch. 3-5
W	3-Oct-18	Supply & Demand				
F	5-Oct-18	Price Controls		HW1		
M	8-Oct-18	GDP [Flipped]	Quiz: HW 1		Watch GDP lecture	Ch. 6
W	10-Oct-18	Wealth of Nations/Start Solow		HW2		Ch. 7
F	12-Oct-18	Solow: Aggregate Production and Capital Accumulation				Ch. 8
M	15-Oct-18	Solow: Equilibrium and Examples	Quiz: HW 2	HW3		
W	17-Oct-18	Solow: Comparative Statics and Cross-Country Differences in Output				
F	19-Oct-18	Solow: Examples [Flipped]		HW 4	Review Solow handout	
M	22-Oct-18	Great Leap Forward	Quiz: HW 4			
W	24-Oct-18	Financial System				Ch. 9
F	26-Oct-18	Financial System				
M	29-Oct-18	Personal Finance				Ch. 10
W	31-Oct-18	MIDTERM				
F	2-Nov-18	Unemployment and LFP				Ch. 11
M	5-Nov-18	Inflation [Partly Flipped]		HW 5	Watch inflation index video	Ch. 12
W	7-Nov-18	Dynamic AD-AS				Ch. 13
F	9-Nov-18	Dynamic AD-AS				
M	12-Nov-18	Veteran's Day				
W	14-Nov-18	Dynamic AD-AS	Quiz: HW 5			
F	16-Nov-18	Counter-Cyclical Policy				Ch. 15
M	19-Nov-18	Dynamic AD-AS [Partly Flipped]	Quiz: HW 5		Watch video example	
W	21-Nov-18	Trade and Comparative Advantage		HW6		Ch. 2
F	23-Nov-18	Thanksgiving				
M	26-Nov-18	Trade and Comparative Advantage	Quiz: HW 6+7	HW7		
W	28-Nov-18	Trade and Comparative Advantage [Partly Flipped]			Review PPP Handout	
F	30-Nov-18	Open Economy Supply and Demand		HW8		Ch. 19
M	3-Dec-18	Open Economy Supply and Demand				
W	5-Dec-18	International Finance		HW9		
F	7-Dec-18	Review with Head TA				Ch. 20
M	10-Dec-18	FINAL EXAM: 1 PM				