



QUINLAN
SCHOOL of BUSINESS

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ECON 202H-101 Principles of Macroeconomics (Honors)

Spring Semester 2014, Tuesdays & Thursdays 10:00 AM – 11:15 PM, Maguire 340

Course Overview: In this course we will learn a useful framework for analyzing daily macroeconomic news. The basic data on the macro economy will be discussed. We will learn what causes economic growth and what causes the business cycle. In addition we will learn how fiscal policy (taxes, government spending, the budget deficit) and monetary policy influence economic growth and the business cycle.

Course Objectives and Learning Outcomes

- 1) To learn the basic macroeconomic data: what it measures and where the data can be found
- 2) To understand the causes of economic growth and the business cycle
- 3) To learn how to apply macroeconomic theory to understand to real world events
- 4) To provide opportunities for practicing critical thinking in the context of macroeconomics.

Grades: Your final grade will be based on the results of:

- 1) Problem sets (10%)
- 2) Short paper (10%)
- 3) Two 75 minute exams (24% @))
- 4) Final exam (32%).

The exam questions will be similar to the problem sets.

Grading curve: 90-100=A, 85-89=A-, 80-84=B+, 75-79=B, 70-74=B-, 65-69=C+, 60-64=C, 55-59=C-, 50-54=D+, 45-49=D, 0-44=F. **Make-up exams will not be given unless you have a valid reason.**

Extra Credit: The only form of extra credit granted in the course is as follows: **If** you do better on the 2nd exam than on the 1st exam, **then** half of the improvement in your 2nd exam score (2nd exam score – 1st exam score) will be added to your 1st exam score. **If** you do better on the final exam than on the 2nd exam, **then** half of the improvement in your final exam score (final exam score – 2nd exam score) will be added to your 2nd exam score.

Problem sets: For each class meeting and readings there is a problem set on blackboard. It will be useful for you to have the problem set on hand during lectures and while you do the reading. This way you can answer the questions as you go which will make the process much more efficient!

There are a total of 13 problem sets out of which you need to hand in at least 10. NO LATE PROBLEM SETS WILL BE ACCEPTED.

List of Problem Set due dates

Problem Set	Due beginning of
Econ 202 Meeting 1 problem set.docx	Meeting 3
Econ 202 Meeting 2 & 3 problem set.docx	Meeting 4
Econ 202 Meeting 4 & 5 problem set.docx	Meeting 6
Econ 202 Meeting 6 & 7 problem set.docx	Meeting 7
Econ 202 Meeting 9 & 10 problem set.docx	Meeting 11
Econ 202 Meeting 11 & 12 problem set.docx	Meeting 13
Econ 202 Meeting 13 & 14 problem set.docx	Meeting 15
Econ 202 Meeting 15 & 16 problem set.docx	Meeting 16
Econ 202 Meeting 18 & 19 problem set.docx	Meeting 20
Econ 202 Meeting 20 & 21 problem set.docx	Meeting 22
Econ 202 Meeting 22 & 23 problem set.docx	Meeting 24
Econ 202 Meeting 24 & 25 problem set.docx	Meeting 26
Econ 202 Meeting 26 & 27 problem set.docx	Meeting 28

Critical Thinking Paper Project (10% of course grade)

1st draft due Meeting 20, March 27th

Final draft due Meeting 28, April 24th.

In this paper you will present the arguments for alternative views of a particular economic issue. For each side of the argument lay out the premises and how the conclusion follows from the premises. Then take a position on which argument you find more plausible and why. Limit the length of the paper to no more than 1000 words.

A standard way to analyze an argument is to set up the argument in “standard argument form”, that is:

1st premise + 2nd premise + 3rd premise and so on... lead to some conclusion

Evaluation of an argument involves 1) evaluating the plausibility of the premises (pieces of evidence) 2) evaluating whether the premises logically lead to the conclusion.

As background on critical thinking Loyola has many books in the library. For example, Elliot Cohen, Critical Thinking Unleashed in Loyola’s Electronic Book Library (EBL). To access the EBL:

<https://login.flagship.luc.edu/login?qurl=http%3a%2f%2fluc.eblib.com%2fpatron%2f>

Possible paper topics: Only one student per topic!

- 1) Has the “undervalued” Reminbi caused the U.S. trade deficit?
- 2) Did the Obama Fiscal stimulus work?
- 3) Did the U.S. government cause the 2000-2006 housing bubble?
- 4) Should the U.S. “end the Fed”?
- 5) Does quantitative easing work?
- 6) Should the U.S. return to the gold standard?
- 7) Are the U.S. tax rates stifling economic growth?
- 8) Could the U.S. government “go bankrupt”?

- 9) Could the U.S. government default on its debt?
- 10) Does the government paying unemployment benefits help or hinder the economic recovery?
- 11) Are all U.S. recessions caused by the Fed?
- 12) Will recent U.S. monetary policy eventually lead to hyperinflation?
- 13) Do technological innovations reduce employment?
- 14) Question chosen by you subject to my approval.

Quinlan School of Business Policies:

Attendance: Class attendance and participation are fundamental components of learning, so punctual attendance at all classes, for the full class meeting period, is expected of Quinlan students. Faculty may set participation policies unique to their courses and use class participation as a component of the final grade. The student is responsible for any assignments or requirements missed during an absence. **In Econ 202 you will be called on in class to answer questions. Be prepared!**

Make-Up Examinations: Loyola University academic policy provides that tests or examinations may be given during the semester or summer sessions as often as deemed advisable by the instructor. Because Quinlan faculty believe examinations represent a critical component of student learning, required examinations should be taken during the regularly scheduled class period. **Make-up examinations are discouraged.** . Exceptions *may be* granted only by the faculty member or department chair, and only for unavoidable circumstances (illness verified by a signed physician's note, participation in intercollegiate athletic events, subpoenas, jury duty, military service, bereavement, or religious observance). A make-up final examination may be scheduled only with the permission of the appropriate Quinlan Assistant or Associate Dean. **HOWEVER for Econ 202, make-up exams will NOT be given after the graded exams are handed back to the class**

If a make-up examination must be given, it is the responsibility of the faculty member to prepare, schedule, and proctor the exam. The only regular exception is for a student athlete, who may use the testing services of the Athletics Department to complete a make-up examination. For a student with a documented special testing need, please consult University policy concerning use of the testing center in Sullivan Center at Lake Shore Campus.

Academic Integrity: All members of the Quinlan School shall refrain from academic dishonesty and misconduct in all forms, including plagiarism, cheating, misrepresentation, fabrication, and falsehood...Plagiarism or cheating on the part of the student in individual or group academic work or in examination behavior will result minimally in the instructor assigning the grade of "F" for the assignment or examination. In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved.

For further information about expectations for academic integrity and sanctions for violations, consult the complete Quinlan School of Business Honor Code and Statement of Academic Integrity on the Quinlan website:

<http://www.luc.edu/media/lucedu/quinlanschoolofbusiness/pdfs/Honor-Code-Quinlan-July2012.pdf>

Below is the list of readings. I will add some articles as the semester progresses. I will let you know in timely manner!

Required text: John B. Taylor & Akila Weerapana *Principles of Macroeconomics* 7th Edition

Reading and Problem Sets:

Class Meeting 1: Intro to Macro

Reading: Taylor & Weerapana Chapter 5

Problem set: Econ 202 Meeting 1 problem set.docx

Class Meeting 2 & 3: Measuring output and inflation

Reading: Taylor & Weerapana Chapter 6

“Measuring what matters” *The Economist* Sept 17, 2009

<http://www.economist.com/node/14447939>

DIY Human Development Indicators <http://hdr.undp.org/en/data/build/>

Problem set: Econ 202 Meeting 2 & 3 problem set.docx

Class Meeting 4 & 5: The loan funds or Spending Allocation model

Reading: Taylor & Weerapana Chapter 7

Problem set: Econ 202 Meeting 4 & 5 problem set.docx

Class Meeting 6 & 7: Unemployment

Reading: Taylor & Weerapana Chapter 8

Problem set: Econ 202 Meeting 6 & 7 problem set.docx

First Exam: Class Meeting 8 Thursday February 6th

Class Meetings 9, 10 Economic Growth

Reading: Taylor & Weerapana Chapter 8

Robert Gordon “Is U.S. Economic Growth Over?”

<http://www.voxeu.org/article/us-economic-growth-over>

or

<http://www.cepr.org/pubs/PolicyInsights/PolicyInsight63.pdf>

Technological Change and employment: Excerpts from *The Race Against the Machine* by Erik Brynjolfsson and Andrew McAfee

<http://www.theatlantic.com/business/archive/2011/10/where-human-workers-can-still-beat-robots-at-least-for-now/247259/>

<http://www.theatlantic.com/business/archive/2011/10/why-the-massive-wealth-of-the-1-could-ruin-the-economy/247277/>

<http://www.theatlantic.com/business/archive/2011/10/why-workers-are-losing-the-war-against-machines/247278/>

Problem set: Econ 202 Meeting 9 & 10 problem set.docx

Class Meetings 11 & 12 Economic Growth & Globalization

Reading: Taylor & Weerapana Chapter 17

Problem set: Econ 202 Meeting 11 & 12 problem set.docx

Class Meeting 13 & 14 Money and Inflation

Reading: Taylor & Weerapana Chapter 10

“How bad is inflation in Zimbabwe?” Michael Wines NYT May 2, 2006

http://www.nytimes.com/2006/05/02/world/africa/02zimbabwe.html?pagewanted=all&_r=0

NTV Kenya video clip on Zimbabwe hyperinflation uploaded Aug 2008.

https://www.youtube.com/watch?v=mM3_z2RB3YU

Problem set: Econ 202 Meeting 13 & 14 problem set.docx

Class Meeting 15 & 16 Intro to causes of Economic Fluctuations

Reading: Taylor & Weerapana Chapter 11 & Appendix pp 275-278

Problem set: Econ 202 Meeting 15 & 16 problem set.docx

Second Exam: Meeting 17 March 18th

Meeting 18 & 19 Economic fluctuations model

Reading: Taylor & Weerapana Chapter 12

Problem set: Econ 202 Meeting 18 & 19 problem set.docx

Meeting 20 & 21 Using the fluctuations model

Reading: Taylor & Weerapana Chapter 13

Problem set: Econ 202 Meeting 20 & 21 problem set.docx

Meeting 22 & 23 Fiscal Policy

Reading: Taylor & Weerapana Chapter 14

Problem set: Econ 202 Meeting 22 & 23 problem set.docx

Meeting 24 & 25 Monetary Policy

Reading: Taylor & Weerapana Chapter 15

Problem set: Econ 202 Meeting 24 & 25 problem set.docx

Meeting 26 & 27 International Finance

Reading: Taylor & Weerapana Chapter 19

Problem set: Econ 202 Meeting 26 & 27 problem set.docx

Meeting 28 Review

Final Exam: Tuesday, April 29th 1-3pm Maguire Hall 340