

COURSE INFORMATION

PREREQUISITES: There are no prerequisites for this course. This course and Economics 103 are designed to be independent of each other. You may take just Econ. 104, or just Econ. 103, or both of them. If you take both, you may take them in either order or even simultaneously.

REQUIRED TEXTBOOK: Campbell R. McConnell, Stanley L. Brue, and Sean M. Flynn, *Economics: Principles, Problems, and Policies*, 19th Edition (McGraw-Hill / Irwin, 2012). Be sure to get the 19th edition.

OPTIONAL BOOK: William B. Walstad and Robert C. Bingham, *Study Guide to Accompany McConnell, Brue, and Flynn Economics*, 19th Edition (McGraw-Hill / Irwin, 2012). If you are completely lost after 3 weeks, this book can help you with the basics. However, for most students it is too simple.

ON-LINE READINGS: For each major topic that we cover, I will make available short readings that I have written. They will be posted on the D2L site for this class. **These are required reading and are in many ways even more important than the textbook readings.**

ADDITIONAL READINGS: There are many current public topics and debates that have a macroeconomic dimension to them. We will integrate these into the course as much as possible. I will routinely hand out photocopies of news articles that relate to the material in our class. In addition, I encourage you to read regularly the national news and business sections of a good daily newspaper such as the *New York Times*, the *Wall Street Journal*, the *Washington Post*, or the *Chicago Tribune*, and a good weekly newsmagazine such as *Time*, *U.S. News*, *The Week*, or *The Economist*.

CLASS SCHEDULE AND ATTENDANCE: I will be teaching two sections of this class. The times and locations are:

Section 005	MWF	9:00 A.M. to 9:50 A.M.	Centennial 1804
Section 006	MWF	10:00 A.M. to 10:50 A.M.	Centennial 1804

I expect you to attend class regularly and I will take attendance. If you have too many unexcused absences, it will lower your final grade.

The classroom lectures / discussions will often follow a different organization than the textbook **and will sometimes introduce material more advanced than in the textbook**. If you miss a class, it is your responsibility to borrow and copy – from one of your classmates – the notes for that class. If you look these notes over, but still have some unanswered questions, you should make an appointment to talk to me about the material.

Since **all graded assignments will be based primarily upon the material covered in class and in the on-line readings**, and only secondarily upon material from the textbook, it is essential that you come to as many classes as possible, focus on the material being covered, ask questions, and take reasonably good class-notes.

GRADE DETERMINATION: Your grade for the course will be based on four tests, a final exam, and one short paper. The weighting will be as follows:

<u>Assignment</u>	<u>Tentative Dates</u>	<u>Weight</u>
Test 1	Weds., Feb. 10	16%
Test 2	Weds., March 2	16%
Test 3	Weds., March 30	16%
Test 4	Weds., April 20	16%
Short Paper	due on Fri., April 29	10%
Final <i>Cumulative</i> Exam	(during exam week: May 16-20)	<u>26%</u>
		100%

The four tests and the final exam will each receive one of the following letter grades: A (4.00), A- (3.67), B+ (3.33), B (3.00), B- (2.67), C+ (2.33), C (2.00), C- (1.67), D+(1.33), D (1.00), D- (0.67), F (0.00). The short paper will receive either an A (4.00), a C (2.00), or an F (0.00).

TESTS AND FINAL EXAM: Each of the tests will be a mixture of short-answer and long-answer questions. The final exam will be similar, but longer.

Each of the tests will cover material from about one-fifth of the course, while the final exam will cover material from the entire semester, but will emphasize material from the last three-fifths of the course. **All graded assignments will be based primarily upon the material covered in class and in the on-line readings**, and only secondarily upon material from the textbook.

Any absences from tests or exams should be approved in advance. However, if you planned to take a test, but missed it – due to an unexpected event – contact me immediately. Depending on the reason for your absence, I may allow you to take a makeup version of the test. If not, then you will receive a failing grade for that assignment. **Unapproved absences from either (a) two or more tests or, (b) the final exam alone will result in a failing grade for the course.**

PROBLEM SETS: I will assign problem sets regularly during the course of the semester. Although I will not collect or grade these, they are extremely important. They are your primary tool for learning the material well. They are also the best way of preparing for the tests and exams. Some of the assigned problems will come from the end-of-chapter "Questions and Problems" in your textbook. The rest will come from previous tests that I have written.

I will always make available written answers to the problem sets several days after I assign them. It is very important that you spend time carefully looking over the correct answers and comparing them to yours. If your answer is different than mine, what is the difference? Do you understand why your answer is not completely correct? Do you understand how I determined my answer? Can you apply that logic correctly to a similar problem on a test?

If you fail to keep up with the problems sets, it is likely to have a large negative impact on both your learning and your grades.

STUDENTS WITH ENGLISH AS A SECOND LANGUAGE (ESL): Students who are non-native speakers of English may request extended test-taking time (time and a half). To determine eligibility, English proficiency is evaluated by the Academic Skills Center (for U. S. permanent residents/citizens) or by the Department of Foreign Languages (for international students). Students approved for the accommodation are given a verification form to present to their course instructors. Students must provide verification during each semester at least one week before the test for which accommodation is needed. Verification is valid for one semester.

SERVICES FOR STUDENTS WITH DISABILITIES: Any student who has a disability and is in need of classroom accommodations, please let the instructor know and contact the Services for Students with Disabilities (SSD) Office in Centennial Hall 2106 at the beginning of the semester.

ACADEMIC DISHONESTY: You are to do all of the in-class, graded assignments individually. You are not allowed to communicate with other students in any way. You are not allowed to refer to any of your books or notes. You are not allowed to engage in any type of academic misconduct.

Any academic misconduct in this course is a serious offense, and I will pursue the strongest possible academic penalties for such behavior. The disciplinary procedures and penalties for academic misconduct are described on the UW-Eau Claire Dean of Students web site (<http://www.uwec.edu/DOS/policies/academic/index.htm>).

IMPORTANT DEADLINES FOR THE SPRING 2016 SEMESTER AT UWEC:

- Jan. 29 Last day to register for or add full-semester courses without instructor's approval
- Feb. 5 Last day to drop full-semester spring courses with no record
Last day to register for or add full-semester spring courses without dean's approval
- April 8 Last day to file withdrawal from the University with "W"s
Last day to withdraw from individual full-semester classes

OFFICE HOURS: My office is on the fourth floor of Schneider (Schneider 470). My office phone number is 715-836-3513 and my e-mail address is schaffdl@uwec.edu. I teach classes on Monday, Wednesday, and Friday from 9:00 A.M. until 11:00 A.M. and from 1:00 P.M. until 2:00 P.M. so I am *never* available during those hours. I *will* be available during the following office hours.

Monday	2:00 P.M. to 4:00 P.M.
Tuesday	1:00 P.M. to 4:00 P.M.
Wednesday	2:15 P.M. to 3:15 P.M.
Thursday	1:00 P.M. to 4:00 P.M.
Friday	2:00 P.M. to 4:00 P.M.

These office hours may be changed as the semester progresses, but I will always keep you well informed. If necessary, I can make an appointment to see you at a time other than during my office hours.

INSTRUCTOR: I grew up as an “urban midwesterner” in Detroit, Michigan. After high school I moved east and earned my B.A. degree in Economics from Swarthmore College (near Philadelphia) in 1979 and my Ph.D. in Economics from MIT (near Boston) in 1990.

This is my 35th year of teaching economics and my 18th year of teaching at UW-Eau Claire. Previously, I taught at MIT (2 years), Union College (4 years), Dartmouth College (3 years), and Haverford College (8 years).

My major areas of interest are in Labor Economics, Macroeconomics, and Public Economics. Several years ago I co-authored a scholarly book entitled, *Who's Not Working and Why: Employment, Cognitive Skills, Wages, and the Changing U.S. Labor Market* (Cambridge University Press, 2000). I continue to do research on the increasing inequality of wages in the U.S.

On a personal note, I am married to Andrea, who recently retired from teaching elementary school in Altoona. We have two children. Beth just completed her bachelor's degree at UW-Stevens Point, with a major in Interior Architecture, and has taken a job in Chicago. Robert is in his third year at UW-Madison.

We recently adopted two young, mixed-breed “rescued” dogs. Brenna appears to be a german shephard-sheltie mix, while Toby appears to be a retriever-husky mix. Although they never met each other before we adopted them, they are now inseparable. When I am not busy with work or family or the dogs, I like to play the violin.

COURSE GOALS: The primary goal of this course is to give you the opportunity to practice and strengthen your analytical thinking skills. When firms are surveyed about the characteristics they are looking for in a new employee, they always list “strong analytic skills” as among the most important.

Economics stands out as one of several fields in which analytical thinking is essential. Working through the complex logic of how a change in the money supply by the Fed can affect the interest rate individuals pay on their bank loans is much like working through the logic of a challenging mathematics puzzle. However, the results are directly applicable to the "real world."

By the end of this course – if you apply yourself – you will be able to apply economic logic to questions of interest for both individuals and the nation. Since the underlying logic of economics is unlikely to change over the years, this skill will be useful far into the future.

The secondary goal of this course is to teach you about the economic and political institutions that play critical roles in the U.S. economy today. In order to understand the U.S. economy today, you must understand the roles of economic institutions like the Federal Reserve Bank, the U.S. Treasury Department, and commercial banks as well as major political institutions like the U.S. Congress.

COURSE DESCRIPTION: Macroeconomics is the study of economic activity at the economy-wide level. While *microeconomics* (Econ. 103) focuses on the markets for *individual* goods, services, or factors, *macroeconomics* focuses on the *combined results of all* such markets within an economy. Thus, macroeconomics deals with the total level of production of all goods in an economy, the average level of all prices in an economy, the total employment of all labor in an economy, the average wage rate of all workers in an economy, and so on.

In more technical language, macroeconomics focuses on the determinants and interactions of national output and inflation; employment, unemployment, and real wages; the money supply and interest rates; the trade balance and foreign exchange rates; and the government budget deficit (or surplus) and the national debt. [continued]

In this principles course, some of the specific topics are: the current state of the U.S. economy, the effects of government budget deficits and surpluses, the determinants of consumption, the volatility of investment, the multiplier effect and crowding out, causes of the business cycle, the effects of government taxation and spending, theories of inflation and unemployment, financial sector regulation, wage and price stickiness, the role of money and the banking sector, the significance of inflationary expectations, the effect of international trade and exchange rates, and the relative effectiveness of fiscal and monetary policies.

COURSE OUTLINE:

UNIT 1. INTRODUCTION TO ECONOMICS AND SOME BASIC MODELS

1. Defining Economics

McConnell, Brue and Flynn, *Economics*, 19th edition, chapter 1, part

2. The Production Possibility Model

McConnell, Brue and Flynn, *Economics*, 19th edition, chapter 1, part 2

3. The Supply and Demand Model

McConnell, Brue and Flynn, *Economics*, 19th edition, chapter 3

UNIT 2. MEASURING THE ECONOMY AND THE BUSINESS CYCLE

1. Measuring Aggregate Quantities and Prices for an Economy

McConnell, Brue and Flynn, *Economics*, 19th edition, chapters 23 and 24

2. The Business Cycle and Recent Trends in the U.S. Economy

McConnell, Brue and Flynn, *Economics*, 19th edition, chapters 25 and 26

UNIT 3. THE AGGREGATE EXPENDITURE (AE) MODEL AND THE MULTIPLIER EFFECT

1. The Multiplier Effect During a Recession

McConnell, Brue and Flynn, *Economics*, 19th edition, chapter 27

2. The Aggregate Expenditure Model

McConnell, Brue and Flynn, *Economics*, 19th edition, chapter 28

UNIT 4. THE AGGREGATE DEMAND-AGGREGATE SUPPLY (AD-AS) MODEL AND FISCAL POLICY

1. The Role of Aggregate Supply

McConnell, Brue and Flynn, *Economics*, 19th edition, chapter 29

2. Fiscal Policy and the Congress

McConnell, Brue and Flynn, *Economics*, 19th edition, chapter 30

UNIT 5. MONEY, BANKING AND MONETARY POLICY

1. Defining and Measuring Money

McConnell, Brue and Flynn, *Economics*, 19th edition, chapter 31

2. The Money Multiplier and the Role of Commercial Banks

McConnell, Brue and Flynn, *Economics*, 19th edition, chapter 32

3. Monetary Policy and the Fed

McConnell, Brue and Flynn, *Economics*, 19th edition, chapter 33