

# Principles of Macroeconomics

Dr. Ryan Safner

Fall 2018

ECON 205 Section 1  
Rosenstock Hall 212  
TuTh 10:00–11:15 AM

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*Hours:* MW 3:30–5:00PM

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*Hours:* W 2-3 PM, F 12-1 PM

## Course Description

“The curious task of economics is to demonstrate to men how little they really know about what they imagine they can design.” - F.A. Hayek, 1974 Economics Nobel Laureate

The goal of this course is to introduce you to the economic way of thinking and to demonstrate its power in comprehending the world around us. This class assumes you have no knowledge of economics whatsoever, and I teach it like it is the first, and last, economics class you will ever take. I hope it will not be.

So what is economics? Most people, upon hearing the words “economics” or “economist” imagine some combination of money, business, and those folks on the news who report “the latest numbers” on the economy (which always seem to be different than previous forecasts). These examples certainly might *use* economics, but economics really is a much broader *way of thinking*, analyzing, and understanding the world around us. With economics, you will learn to appreciate the role of prices, incentives, and institutions in fostering cooperation and social order to achieve all of the things (material and nonmaterial) that we desire from the human experience.

This course will have been successful if you are able to apply the economic way of thinking to your own passions, future studies, and professional aspirations that involve social, political, and economic issues. Understanding basic economics will also make you a better citizen in our democratic and market-based society. I invite you to diligently grapple with the ideas raised in our readings and discussions, and to do all that you can to try to understand and explore the world around you. More specifically, I aim for you to be able to:

- Effectively understand, articulate, and critique economic arguments verbally and in writing

- Apply economic tools and theories to market conditions, including using appropriate graphical and mathematical tools.
- Obtain basic understanding of economic statistics, as well as know where to collect them and how to effectively present them graphically and numerically.
- Understand current policy debates and formulate informed opinions

My standard disclaimer: This class may challenge many of your existing beliefs and conceptions about how the world works, and how it should work. This is the most important and exciting part of a liberal arts education. This does *not* mean that I want to make you to see everything “my way.” In fact, if you come out of this class thinking exactly like me, then I have probably failed you as a teacher. To the best of my ability, I keep my opinions to myself unless relevant for purposes of discussion, and I respect and invite you to reach your own conclusions on all matters.

**Fair warning:** *Economics is hard. This, in particular, will be one of the hardest economics courses that you will take, primarily due to the mathematical content.* Using the economic way of thinking is a skill, it is literally retraining your brain to interpret and analyze the world in a novel way, and is not something that can be memorized. I will do my best to make this class intuitive and helpful, if not interesting. If at any point you find yourself struggling in this course for any reason, please come see me. Do not suffer in silence! Coming to see me for help does not diminish my view of you, in fact I will hold you in *higher* regard for understanding your own needs and taking charge of your own learning. There are also a some fantastic resources on campus, such as the [Center for Academic Achievement and Retention \(CAAR\)](#) and the [Beneficial-Hodson Library](#).

In addition to Blackboard, you can find all course materials at [ryansafner.com](http://ryansafner.com).

I reserve the right to modify this syllabus with proper advance warning.

## Course Readings

My lecture notes will serve as your primary resource, but our main textbook below is **recommended** as the next best resource and will be available from the campus bookstore.

1. OpenStax, (2017), *Principles of Macroeconomics*, 2<sup>nd</sup> edition

This book is available free online as a PDF at the [OpenStax website](#). You may purchase a hard copy at the Bookstore or on Amazon if you prefer, but it is not required. I have no financial stake in requiring you to purchase this book. You are welcome to use previous version of the book, but carefully verify the reading assignments, as the material may be different across versions.

There are also required readings from scholarly articles and book chapters listed on the schedule below, which I will post on Blackboard. I reserve the right to post and require additional readings as necessary. Check Blackboard **frequently** for announcements and updates to assignments and grading.

# Grading

Final course grades will be a weighted combination of the following assignments, to be described in detail below:

Homework Average	20%
Stock Simulation	5%
Op-Ed	15%
Exam 1	20%
Exam 2	20%
Final Exam	20%

Course grades are based on the following traditional scale:

	A	93-100	A-	90-92	
B+	87-89	B	83-86	B-	80-82
C+	77-79	C	73-76	C-	70-72
D+	67-69	D	63-66	D-	60-62
	F	0-59			

These grades are firm cutoffs, but I round upwards ( $\geq 0.5$ ) for final grades. A necessary reminder, as an academic, I am not in the business of *giving* out grades, I merely report the grade that you *earn*. I will not alter your grade unless you provide a reasonable argument that I am in error (which does happen from time to time).

## Homeworks

There will be roughly a homework assignment for every lesson. These questions will help check your understanding and mastery of the material, and will be a combination of quantitative, graph, and short answer questions of examples. These will also be good indicators of what to expect on the exams. You may collaborate with other students to work on homeworks, but *each person must turn in an individual assignment*. Homeworks are due *one week* from the class period where we finish a lesson, and must be turned in at the beginning of class. Homeworks will be graded by the T.A. as follows: 70% of the grade for completion, and 30% for one randomly selected question. This is to reward students for putting in a full faith effort to try to reach an answer, even if not every answer ends up being correct.

## Exams

There will be two midterms (one at the end of each unit) and a final. Each exam will be a combination of multiple choice, quantitative, graph, and short answer questions to ensure everyone is comprehending the basic material. This provides feedback both to you and to me that ensures everyone is progressing on schedule and apprehending the material. This is *critical*, as the rest of the course, and indeed, any future economics course you take, will build off of this foundation. I will announce the date of each exam several weeks in advance. The college-determined date for the final exam is **Tuesday, December 18, from 9-11AM**.

## Opinion-Editorial

Economic fallacies have always been popular, and journalists, politicians, and talking heads consistently engage in faulty economic reasoning in print and on television. Your task, as a student of economics, is to find some issue discussed in the past year, and write a critique of media discussion of that issue. Alternatively, instead of critiquing the reasoning or statements of others, you may write an advocacy piece, where you propose some economic policy and argue to persuade readers to endorse it. You will be graded both on the soundness of your economic reasoning and the quality of your writing. I would be happy to co-author an Op-Ed with anyone who writes an exemplary Op-Ed. Students who successfully publish their work in a media outlet will earn *extra credit* on their Op-Ed grade.

## Stock Market Simulation

In order to make visible to you a small part of the coordination of real markets and the importance of prices as signals, everyone will sign up for the stock market simulation game on [Investopedia](#). We will use the private group Hood ECON 205 Safner Fall 2018. I will give you a password in class. Please create an account using your WFU username. You are given \$1,000,000 to invest in stocks that mirror real prices in the stock market in real time. Your portfolio will be graded relative to a baseline portfolio of random stocks (10 stocks each allocated \$10,000). You will be given \$100,000 to trade and create your own portfolio of stocks. You will be free to trade, rearrange, and sell stocks as often as you want. Or, if you think things are going to hell in a handbasket, you can simply hold cash, in whatever combination appeals to you. If you do better than the random portfolio at the end of the semester, you get full credit (100%). The students with the 3 highest portfolio values will earn 25 bonus points for this assignment. If you do worse, you get a grade calculated as a percentage of that performance. Students also have the chance to write a reflection paper to earn points. You can find more information about stocks and trading [here](#).

No extra credit is available.

# 1 Policies and Expectations

**Attendance and Participation:** I expect you to attend class and to come having already done the reading assigned for that day. I will remind you in class and possibly through Blackboard or email which readings I want you to read for the next class. You are all adults and I will treat you as such. I do not take attendance, nor do I grade formally for participation but I strongly recommended you attend class and participate for your sake and the sake of your classmates. If you are too distracted or are not prepared to learn, I suggest you stay home, where you can check Facebook more efficiently. I reserve the right to boost the final grades of students that I believe have made consistent, quality contributions above and beyond their peers in class conversations by up to 2.5 points.

**Absences and Make-Ups:** You generally do *not* need to let me know if you are unable to make class, *unless* it is on the day of an exam. It will however, be your responsibility

to acquire the notes from a classmate for any missed classes. If you are unable to attend an exam for a legitimate reason (e.g. sports/club events, traveling, illness, family issues), please notify me at least *one week* in advance, and we will schedule a make-up exam date. If you are ill or otherwise unable to attend on the day of the exam, contact me ASAP to make arrangements. Failure to do so, including desperate attempts to make arrangements only *after* the absence will result in a grade of 0 and little sympathy. I reserve the right to re-weight other assignments for students who I believe are legitimately unable to complete a particular assignment.

**Email Accounts:** Students must regularly monitor their Hood email accounts to receive important college information, including messages related to this class. Email through the Blackboard system is my main method of communicating announcements and deadlines regarding your assignments. *Do not reply to the automated Blackboard email.* My Hood email (safner@hood.edu) is the best means of contacting me. I will do my best to respond within 24 hours. If I do not reply within 48 hours, do not take it personally, and feel free to send a follow up email in case I missed your original message.

**Office Hours:** I am generally in my office Monday-Thursday during normal ‘business hours.’ You are always welcome to walk-in and chat about class, college, careers, or whatever you like. Please try to use the official office hours stated at the head of the syllabus if possible. If you need to meet at a different time, I request that you send me an email or let me know after class so I know when to expect you. If you want to go over material from class, please have *specific* questions you want answered.

**Enrollment:** Students are responsible for verifying their enrollment in this class. The last day to add or drop this class **Tuesday, September 4.**

**Honor Code:** Hood College has an Academic Honor Code which requires all members of this community to maintain the highest standards of academic honesty and integrity. Cheating, plagiarism, lying, and stealing are all prohibited. All violations of the Honor Code are taken seriously, will be reported to appropriate authority, and may result in severe penalties, including expulsion from the college. See [here](#) for more detailed information.

**Accessibility and Students With Disabilities:** This course is intended to be accessible for all students, including those with mental, physical, or cognitive disabilities, illness, injuries, impairments, or any other condition that tends to negatively affect one’s equal access to education. If at any point in the term, you find yourself not able to fully access the space, content, and experience of this course, you are welcome (and not required) to contact me by email, phone, or during office hours to discuss your specific needs. I also encourage you to contact the Office of Accessibility Services (301-696-3421 or gmuer@hood.edu). If you have a diagnosis or history of accommodations in high school or previous postsecondary institutions, Accessibility Services can help you document your needs and create an accommodation plan. By making a plan through Accessibility Services, you can ensure appropriate accommodations without disclosing your condition or diagnosis to course instructors.

# Class Schedule

The following schedule is a tentative outline of topics covered in the course. Expect to spend a week, on average, on each topic. The readings come from the textbook, along with scholarly journal articles that can be found on Blackboard under “Course Readings.” I may remove or post additional required readings, to be announced in advance.

## Unit 1: The Basics of Markets

1	THE ECONOMIC WAY OF THINKING
Readings	<ul style="list-style-type: none"><li>• OpenStax, Ch. 1</li><li>• Bastiat, Frederic, (1995[1848]). “What is Seen and Not Seen”, <i>Essays</i>. Irvington-on-Hudson, NY: The Foundation for Economic Education, Inc. §1, ¶1-21.</li><li>• Boudreaux, Don, (2014). <i>The Hockey Stick of Human Prosperity</i>, <i>Marginal Revolution University</i>, Video.</li><li>• Reed, Leonard, (1999[1958]). <i>I, Pencil</i>, Irvington-on-Hudson, NY: The Foundation for Economic Education, Inc. OR watch the <a href="#">video</a>.</li></ul>
2	COOPERATION & EXCHANGE
Readings	<ul style="list-style-type: none"><li>• OpenStax, Chs. 2, 20</li></ul>
3	SUPPLY & DEMAND
Readings	<ul style="list-style-type: none"><li>• OpenStax, Chs. 3, 5</li></ul>
4	MARKETS & ECONOMIC POLICY
Readings	<ul style="list-style-type: none"><li>• OpenStax, Ch. 4</li></ul>

### EXAM 1

## Unit 2: Aspects of the Macroeconomy

5	MEASURING THE MACROECONOMY
Readings	<ul style="list-style-type: none"><li>• OpenStax, Ch. 6</li></ul>
6	WHEN THINGS GO RIGHT: ECONOMIC GROWTH AND DEVELOPMENT
Readings	<ul style="list-style-type: none"><li>• OpenStax, Ch. 7, 11</li></ul>
7	WHEN THINGS GO WRONG: UNEMPLOYMENT, RECESSIONS, AND PERSPECTIVES
Readings	<ul style="list-style-type: none"><li>• OpenStax, Chs. 8, 12, 13</li><li>• Horowitz, Steven and Peter Boettke, (2008). <i>The House that Uncle Sam Built</i>. Irvington-on-Hudson, NY: Foundation for Economic Education.</li><li>• Econstories, (2010). “Fear the Boom and Bust’ A Keynes vs. Hayek Rap Anthem” Video.</li></ul>

### EXAM 2

## Unit 3: Money & Macroeconomic Policies

### 8 MONEY & FINANCIAL INSTITUTIONS

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Readings • OpenStax, Chs. 9, 14

### 9 MACROECONOMIC POLICY: FISCAL AND MONETARY

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Readings • OpenStax, Chs. 15, 17, 18  
• Horowitz, Steven, (2013). [An Introduction to U.S. Monetary Policy](#). Mercatus Research

### 9 INTERNATIONAL TRADE, GLOBALIZATION, NATIONALISM, AND PROTECTIONISM

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Readings • OpenStax, Chs. 10, 21  
• Bastiat, Frederic, (1995[1848]). [“The Balance of Trade”](#) *Essays*. Irvington-on-Hudson, NY: The Foundation for Economic Education, Inc; [“A Petition”](#), *Economic Sophisms*.

### 10 MISC TOPICS & APPLICATIONS

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FINAL EXAM