

The University of Kentucky
Department of Economics
Principles of Economics II (ECO 202:001)
Spring 2021

Instructor

Hanson, Ryan
223R Gatton College of Business & Economics
Class Hours: TR 4:30PM – 5:45PM
Classroom: Gatton Student Center, A240
Digital Office Hours: TR 3:00-4:00PM or by appointment.

(In order to maintain social distancing, office hours will be digital. During office hours, I will be constantly checking and responding to emails to answer questions and will have a zoom link ready if we think it would be easier to explain over video.)

If you need to contact me, please use my UK email ryan.hanson@uky.edu. Do not contact me through Canvas. I will try my best to respond quickly but please allow me some time (and a little more time during the weekends).

Course Description

Economists divide their discipline into two general areas of study: microeconomics and macroeconomics. In this course, we introduce you to the principles of macroeconomics—the study of how a country's economy works as a whole. We will study key historical and contemporary issues such as inflation, unemployment, economic growth, and the development of modern currency. Additionally, we will be able to take on the role of a government advisor and propose both fiscal and monetary policy solutions in order to deal with real life issues in the macroeconomy.

Macroeconomic performance relies on measures of economic activity, such as variables and data at the national level, within a specific period of time. Macroeconomics analyzes aggregate measures, such as national income, national output, unemployment and inflation rates, and business cycle fluctuations. In this course we prompt you to think about the national and global issues we face, consider competing views, and draw conclusions from various perspectives, tools, and alternatives.

Course Details

Prerequisite

Introductory Microeconomics (ECO 201) or equivalent.

Required Materials

Hubbard R.G. and O'Brien A.P. *Macroeconomics*. 7th Edition (ISBN 9780134106229).

You will need a MyEconLab registration code for this course. .

and

ProctorU account in order to take exams online in a secure and monitored environment.
You must have a web camera for/in your computer/laptop.

Intended Student Learning Outcomes

We have the following eleven student learning outcomes for the course:

1. Students will be able to summarize the current macroeconomic condition of the U.S. economy, along with key macroeconomic features of other countries around the world.
2. Students will be able to compare and contrast nominal and real GDP, nominal and real interest rates, and the three types of unemployment (frictional, structural, and cyclical). Students will be able to explain the so-called natural rate of unemployment (the full-employment rate of unemployment) and explain why it is greater than zero.
3. Students will be able to explain the factors that affect the four components of total spending in the economy (consumption, investment, government purchases, and net exports).
4. Students will be able to use the aggregate expenditure model to explain and predict the effect of changes in total spending on business inventories, real GDP, and total employment.
5. Students will be able to use the aggregate demand and aggregate supply model to explain and predict the effect of aggregate demand and aggregate supply shocks on real GDP, the unemployment rate, and inflation.
6. Students will be able to compare and contrast monetary policy and fiscal policy, and explain the effect of policy lags on the timing and effectiveness of both.
7. Students will be able to describe the goals of the Federal Reserve System and explain Federal Open Market Committee press releases.

8. Students will be able to explain a fractional reserve banking system, bank runs and bank panics, and why during the 2007-2009 recession a bank run occurred on investment banks.
9. Students will be able to distinguish between the federal budget deficit and the national debt, and will be able to explain the effect of the business cycle on the budget deficit and national debt.
10. Students will be able to use the demand and supply model for U.S. dollars to explain foreign exchange rate movements in the short run, and apply purchasing power parity theory to explain foreign exchange rates movements in the long run.
11. Students will be able to explain the effect of tightening or easing monetary policy on exchange rates and its impact on the nation's level of exports and imports.

Teaching Philosophy and Methods

I love teaching and I look forward to interacting with you throughout the semester about macroeconomics and other concerns you might have. Class time will be a mixture of lecture and active learning in order to involve you in an active discussion of the main principles and ideas. In class, you will **regularly work together with your classmates**. While things may be different than courses pre-COVID, we will do our best to socially distance while still safely engaging with each other.

Exams

There are three exams each worth 25% of your final grade. The final exam is **cumulative**. The exams cover material from class, the text, and any additional assigned readings. **Exam 1 is on March 4th, Exam 2 is on April 15th, and Exam 3 is on May 13th.**

In order to maintain social distancing, exams will be monitored using the ProctorU software. You will be in charge of scheduling the exam during the time slot, ensuring that you have a proper set-up and testing area, and beginning/completing the exam on your own. You should familiarize yourself with the ProctorU page on Canvas and email me if you have any questions. I will also go over how to set up a ProctorU account and test your connection once the course has started.

Any student missing an exam due to an excused absence must inform me before the exam. If you miss a Midterm Exam and do not receive an excused absence before the exam, your exam grade will be a zero. For those with excused absences, the make-up exam will be given soon after the missed exam at a common time reasonably convenient to all parties. Note, rescheduling an exam last minute using ProctorU may incur a fee to the student.

MyEconLab Online Homework

There will be twelve online homework using MyEconLab, of which **the lowest two homework grades will be dropped**. To encourage early registration and enrollment on MyEconLab, all students who **officially register and sign into the course via MyEconLab** and take a simple registration quiz on MyEconLab by **Wednesday, February 3rd** will receive **2 extra credit points** in your first exam.

Each MyEconLab homework will consist of a varying quantity of multiple-choice or short analysis questions and **you will have two attempts to answer each question correctly**. With exceptions to the first assignment, homework assignments are due by 11:59PM the evening before the corresponding exam. To make it easier to remember, **all assignments are due on a Wednesday night**. The chapter/date breakdown for the assignments are below:

(Bonus Registration due February 3rd)

Homework 1 (Chapter 2) **February 10th**

Homework 2 (Chapter 8) **March 3rd**

Homework 3 (Chapter 9) **March 3rd**

Homework 4 (Chapter 10) **March 3rd**

Homework 5 (Chapter 11) **March 3rd**

Homework 6 (Chapter 12) **April 14th**

Homework 7 (Chapter 13) **April 14th**

Homework 8 (Chapter 14) **April 14th**

Homework 9 (Chapter 15) **April 14th**

Homework 10 (Chapter 16) **April 14th**

Homework 11 (Chapter 18) **May 5th**

Homework 12 (Chapter 19) **May 5th**

Any student missing a MyEconLab homework due to a long-term excused absence should inform me immediately (ryan.hanson@uky.edu). If you miss a homework assignment and do not have an extended excused absence, you will receive a zero for that homework.

Class Preparation Assignments

While there is no formal attendance policy for this course, in order to ensure that students understand key concepts and prepare for class there will be twelve “Class Participation Assignments” (CPAs). These will be short 15-20 minute assignments, typically small quizzes, that will ask a few short questions related to the reading, previous lecture notes, or other class-related concerns. These assignments will be open note and/or I will allow you to work in small groups.

I will occasionally alert you to future assignments, but they will often be unannounced in order to encourage consistent class attendance. **The two lowest scores will be dropped**. Each CPA will be administered on Canvas, will have a password revealed during class,

and will have a short time limit to ensure students attempting the CPA were in class. The top ten grades will be averaged and used in calculating your overall final course grade.

Grading System

Your grade will be determined by your scores on two midterm exams, your final exam score, the average of the top ten (out of twelve) MyEconLab online homework assignments, and the average of the top ten (out of twelve) class preparation assignments (CPAs). The weights of each group are as follows:

<u>Assignment</u>	<u>Percentage of Final Grade</u>
Midterm Exam 1	25%
Midterm Exam 2	25%
Final Exam	25%
Homework Average	15%
CPA Average	10%

As we proceed through the semester, feel free to reach out during my office hours if you would like to compute your current grade and/or estimates for what you need to get on an exam in order to achieve a certain grade.

I use the standard University of Kentucky grading policy:
A: 89.5-100, B: 79.5-89.49, C: 69.5 – 79.49, D: 59.5 – 69.49, E: < 59.5

Administrative Details

Being Courteous

Be on time and if possible do not leave until class is dismissed. Late arrivals and early departures disrupt your fellow students and me. If nature calls so loudly that you must answer, please leave and return to the classroom quietly.

Do not carry on private conversations during class. This behavior shows disrespect for your classmates who would like to hear the lecture and it can have a negative impact on the learning experience of the entire class.

Cell Phones and Laptops

I expect professional behavior. Silence your cell phones. No texting during class. You can use your laptop to take notes. You should not use your laptop for instant messaging, e-mailing, playing games, checking sports scores, shopping, and the like during class. This can be extremely disruptive to your fellow students.

Proper Social Distancing and Protection

In accordance with University guidelines, students must wear UK-approved face coverings in the classroom and academic buildings (e.g., faculty offices, laboratories, libraries, performance/design studios, and common study areas where students might

congregate). If UK-approved face coverings are not worn **over the nose and mouth**, students will be asked to leave the classroom. Students will also be asked to leave the classroom if their face coverings are deemed unacceptable or unsafe.

Students should complete their daily online wellness screening before accessing university facilities and arriving to class.

Students should not move chairs or barriers in classrooms and should socially distance at all times, leaving a six (6) foot radius from other people. Masks and hand sanitizer can be found throughout the Gatton Student Center and near the entrances and exits if needed.

Students should leave enough space when entering and exiting a room. Students should not crowd doorways at the beginning or end of class.

Excused Absences

The University Senate Rule on Excused Absences states that a student is entitled to an excused absence for the following reasons: serious illness; illness or death of family member; University-related trips; and major religious holidays. In each case, appropriate verification may be required. Students missing assignments due to an excused absence bear the responsibility of informing me about their excused absence within one week following the period of the excused absence (except where prior notification is required).

I will regularly confirm the authenticity of documentation used to verify excused absences.

Title IV Policy

In order to meet federal regulations, the instructor will monitor student participation in this class through attendance or assignments. The instructor will assess student engagement at least once during the first three weeks of the semester/session using an instrument or activity. Students whose engagement cannot be determined on that day may be dropped from the course. **If you will be missing any class period or will not be submitting an assignment during that period, it is your responsibility to notify the instructor, regardless if the absence or missed assignment is excused or not under University rules.**

Grievance Procedure

Anyone feeling that a dispute exists after the grading of an exam may submit a written grievance. The grievance should identify the item in dispute and provide arguments supporting the student's position. Grievances must be **submitted within two class periods following the return of the exam/assignments.**

Cheating

Academic integrity is valued by the University of Kentucky and its vast majority of students. University policy will be followed for any student caught cheating or plagiarizing and the penalty could include an E in the course and possible suspension or dismissal from UK.

Students with Disabilities or Accommodation Requests

If you have a documented disability that requires academic accommodations, please email me a copy of the letter as soon as possible. In order to receive accommodations in this course, you must provide me with a Letter of Accommodation from the Disability Resource Center (DRC) at least one week before the first exam, which I will then confirm with the DRC. The DRC coordinates campus disability services available to students with disabilities. It is located on the corner of Rose Street and Huguelet drive in the Multidisciplinary Science Building, Suite 407. You can reach them via phone at (859) 257-2754 and via email at drc@uky.edu. Their web address is <http://www.uky.edu/StudentAffairs/DisabilityResourceCenter/>

Service Animals

Only service animals and service animals in training as dictated under the Americans with Disabilities Act (ADA) are allowed in academic buildings. All other animals, including support animals, are not permitted in the Gatton College. Please direct all questions to David Beach, Director of the UK Service Animal program, in the Disability Resource Center at dtbeac1@uky.edu.

Tentative Schedule

- Week 1: Introduction and Overview
Trade-offs, Comparative advantage, and the Market System (Chapter 2)
- Week 2: Trade-offs, Comparative advantage, and the Market System (Chapter 2)
GDP: Measuring Total Production and Income (Chapter 8)
- Week 3: GDP: Measuring Total Production and Income (Chapter 8)
Inflation (Chapter 9)
- Week 4: Unemployment (Chapter 9)
Economic Growth, the Financial System, & Business Cycles (Chapter 10)
- Week 5: Economic Growth, the Financial System, & Business Cycles (Chapter 10)
Long-Run Economic Growth: Sources and Policies (Chapter 11)
- Week 6: Long-Run Economic Growth: Sources and Policies (Chapter 11)
Concept Check/Review
First Midterm Exam, Thursday, March 4th
- Week 7: Aggregate Expenditure and Output in the Short Run (Chapter 12)
Aggregate Demand and Aggregate Supply in the Short Run (Chapter 13)
- Week 8: Aggregate Demand and Aggregate Supply in the Short Run (Chapter 13)
Money, Banks, and the Federal Reserve System (Chapter 14)
- Week 9: Money, Banks, and the Federal Reserve System (Chapter 14)
Monetary Policy (Chapter 15)
- Week 10: Monetary Policy (Chapter 15)
- Week 11: Fiscal Policy (Chapter 16)
- Week 12: Fiscal Policy (Chapter 16)
Concept Check/Review
Second Midterm Exam, Thursday, April 15th
- Week 13: Macroeconomics in an Open Economy (Chapter 18)
- Week 14: The International Financial System (Chapter 19)
- Week 15: Buffer/Overall Course Review
- Week 16: **Final Exam (Cumulative) – Thursday, May 13th at 1:00PM.**