

COURSE SYLLABUS

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1. Resources

Description from Course Catalog: Economic analysis of the economy as a whole. GDP and its components, price indices, employment and unemployment, determinants of long-run growth, forms and functions of money, causes and measurement of inflation, potential GDP and the output gap, causes of business cycles, fiscal and monetary policy, foreign exchange rates, and international aspects of macroeconomic policy. Students are expected to understand graphs, fractions, and algebra at the level of tenth-grade high school mathematics. It is recommended but not required that students take ECON 002 before ECON 010.

Zimpleman Promises: “Our graduates will have the skills and experiences to thrive in a complex, diverse, and evolving world. They will be (1) Proficient in their fields, (2) Data-driven, strategic, and innovative problem solvers, (3) Effective communicators, (4) Socially and ethically responsible leaders, and (5) Global and multicultural citizens.” This course addresses all five Promises, but especially Promises (2), (4), and (5).

Lectures: CRN 7819 meets Mondays and Wednesdays, 9:30 AM to 10:45 AM, in room 101 Aliber Hall.

How to contact instructor:

- Office: 319 Aliber Hall
- Telephone and voice mail: 271-3129
- Electronic mail: william.boal@drake.edu (preferred)
- U.S. mail: Zimpleman College of Business, Drake University, 2507 University Avenue, Des Moines, Iowa 50311-4505

Office hours: Office hours are a time when you can get help with homework, ask questions about course material, and discuss your grade or anything related to this course or economics in general. Bring your slideshow handouts. My office hours this semester are **Monday, Tuesday, and Wednesday, 1-3 PM**. If these hours are inconvenient due to schedule conflicts, please send email to schedule a special appointment and suggest some alternate times.

Resources to purchase:

- Required: John B. Taylor and Akila Weerapana. *Principles of Macroeconomics*, Version **10.0**. Flat World Textbooks. 2021. 978-1-4533-4131-5. Buy new either at University Bookstore or at publisher’s website, <https://students.flatworldknowledge.com/course/2607825>. Do not buy a used copy because it will not give access to the FlatWorld Homework Assignments (linked from Blackboard).
- Required: *Boal’s Econ 010 Slideshow Handouts*, a packet of photocopies. Buy it at University Bookstore. Please bring it to class every day.
- Required: A simple calculator (capable of addition, subtraction, multiplication and division) for exams. *Graphing calculators, calculators with alphabetical keyboards, wireless devices and mobile phones are NOT permitted during exams*. If you do not bring a simple calculator, you must take the exam without a calculator.
- Recommended: A three-ring binder and a highlighter for your course packet.

Online resources:

- A Drake email account is required for all students. Course announcements will occasionally be sent to this account, so you should check it daily. Announcements often get diverted to “Junk” or “Clutter” folders, so check them as well as your inbox.

- Blackboard (drake.blackboard.com). Homework assignments and problem sets are posted here. If you have difficulty accessing Blackboard, please contact the ITS HelpDesk at 271-3001.
- Course materials webpage (wmbol.com/pmacro). Old exams are posted here.

Tutoring resources:

- Your instructor should be your first resource for questions and help.
- The Economics Tutoring Lab provides free tutoring by advanced economics students. The Lab opens about the third week of the semester. Hours and location are at www.drake.edu/economics/resources/. Appointments can be made at www.drake.edu/access-success/tutoring/. To help the tutor help you, read the textbook first, and bring your slideshow handouts to the Lab.
- The Math Tutoring Lab (<https://www.drake.edu/access-success/tutoring>) can help with purely mathematical questions.

2. Requirements

Course grade: Each exam and assignment is graded on a scale from zero to 100. Your overall course score is calculated as a weighted average, using the following weights.

80% Exams. There will be three in-class exams and a final examination. All exams are closed-book, closed-notes. Simple calculators are permitted, *but graphing calculators, calculators with alphabetical keyboards, wireless devices and mobile phones are not permitted.* The nature of the course material is cumulative, so exams may contain material from previous sections of the course. The final exam counts double and is required—students who do not take the final will not pass the course.

10% FlatWorld homeworks. These online assignments cover the textbook readings and are accessed from Blackboard. Note that they are due the day *before* the topic is discussed in class. If you have trouble accessing the FlatWorld homework, please contact https://catalog.flatworldknowledge.com/customer_support

10% Problem sets. These are posted on [Blackboard](#) in PDF format. Print them, complete them in pen or pencil (colored pencil welcome!) and submit them as hard-copy. They are due at the next class after the topic is covered in class.

An overall score of 97 or above is required for an A+, 93 for an A, 90 for an A-, 87 for a B+, 83 for a B, 80 for a B-, 77 for a C+, 73 for a C, 70 for a C-, 67 for a D+, 63 for a D, and 60 for a D-. SCORES will not be rounded before awarding letter grades. Extra credit work is *not* available. Exams and assignments may *not* be redone for a better grade—just resolve to do better on the next one!

Policy on late work: Early submissions are welcome but *late submissions are not accepted.* If your computer fails, please use a computer in Cowles Library or some other device to complete assignments. Computer problems are *not* an acceptable excuse for late assignments. Students expecting to be gone on an athletic trip when an assignment is due should submit that assignment before leaving.

Policy on absences: Attendance is taken at every class. Students may miss up to three classes for any reason without penalty (except when exams are given). Thereafter, one point will be deducted from the course SCORE for each absence. Athletic team trips, documented by an official schedule sheet, will not be counted as absences.

Policy on rescheduling exams: If your own medical emergency, or a serious illness or death in your family requires you to miss an exam, you may be given a makeup exam. However, you must inform me of the emergency before the exam by email, and soon afterward submit a written explanation (including date of absence and documentation if possible).

Certain other circumstances are acceptable reasons for rescheduling an exam. These include religious observance, medical appointment, interview trip, and athletic team trip. Because these circumstances can be predicted, you must send me an email request to reschedule, with an explanation, at least one week before the date of the exam. *Unacceptable* reasons include family vacation, ride leaving early for break, early plane flight, overslept, etc.

Policy on grade corrections: Accurate grading is important. If you find an error, please let me know as soon as possible. The deadline for regrading homework, problem sets, or midterm exams is the day of the final exam.

Policy on computers and phones in class: Computers, tablets, and phones must be turned off during class unless I specifically announce otherwise.

Disability accommodation: Any student who has a disability that substantially limits their ability to perform in this course under normal circumstances should contact [Student Disability Services](#), 271-1835, to request accommodation. Any request must be received from Student Disability Services at least one week before the necessary accommodation. All relevant information will be kept strictly confidential. If your accommodation requires extra time for exams, you should contact me at least a week before each exam to schedule an alternative time and place.

How to succeed in this course:

- Attend every class.
- Work problem sets carefully. They are designed to help you prepare for exams, which count for most of the course grade. If you simply copy other students' answers, you will not be prepared for exams.
- Further prepare for exams by working old exams, posted at wmboal.com/pmacro. Don't look at the answer key until *after* you have worked each problem, or you will become overconfident.
- If you are doing all this but not doing as well as you would like, please ask for help. Talk to me after class, send email to william.boal@drake.edu, or visit my office hours. I am eager to help!

Policy on academic integrity: The Zimpleman College of Business's Academic Integrity Policy (<https://www.drake.edu/zimpleman/about/policies/>) applies to this course. The consequences of violating this policy vary, depending on my evaluation of the severity of the dishonesty. A violation (such as cheating, plagiarism, or fabrication) can result in a grade of zero on the test or assignment, an F for the course grade, or even expulsion from the University. Please read the policy and ask for clarification if necessary.

3. Schedule

Laptop computers, tablets, and phones must be turned off during class time.

Please sit in the first five rows so I can see and hear you clearly.

Part 1: Introduction to Economics

Big ideas: People and countries can benefit from trade, even if they are capable of producing every product they need. When they trade with money in competitive markets, we can predict the outcome if we know their demand and supply curves.

Famous quote: “That [the principle of comparative advantage] is not trivial is attested by the thousands of important intelligent men who have never been able to grasp the doctrine for themselves or to believe it after it was explained to them.”

--Paul Samuelson, “The Way of an Economist” (1969) [Nobel Prize 1970]

Another famous quote: “We might as reasonably dispute whether it is the upper or the under blade of a pair of scissors that cuts a piece of paper, as whether the [price] is governed by utility [to demanders] or cost of production [to suppliers].” [The price is governed by *both!*]

--Alfred Marshall, *Principles of Economics* (1898)

A. Introduction and math review [Aug 26, Aug 28]

- Read this entire syllabus and highlight important items.
- Read Taylor & Weerapana textbook chapter 2 and do FlatWorld homework on Blackboard by Aug 30.
- Bring the following slideshow handouts to class: *Welcome to "Principles of Macroeconomics."* *The economic approach to human behavior.* *Economics as a science.* *Math review: basic concepts and skills.* *Math review: averages versus margins.* *Math review: percent changes.*
- If you feel rusty at basic algebra, view the helpful videos at www.khanacademy.org/ .
- Submit Problem Set in class by Sept 4.

B. Production and trade [Sept 4, Sept 9]

- Read textbook by Taylor & Weerapana, chapter 1 and do FlatWorld homework on Blackboard by Sept 3.
- Bring the following slideshow handouts to class: *Production functions.* *Production possibilities.* *Comparative advantage.* *Gains from trade.* *Institutions that support trade.*
- Submit Problem Set in class by Sept 11.

C. Supply and demand [Sept 11, Sept 16]

- Read textbook by Taylor & Weerapana, chapter 3 and chapter 4 section 4.1 only. Do FlatWorld homework on Blackboard by Sept 10.
- Bring the following slideshow handouts to class: *Demand.* *Supply.* *Equilibrium.* *Shifts in demand and supply curves.* *Price controls.*
- No problem set due. Instead, study for exam.

First exam [Sept 18]

- Prepare by reviewing slideshow handouts and recent problem sets, and by working old exams posted online (wmboal.com/pmacro).
- You may use a simple calculator, but graphing calculators, calculators with alphabetical keyboards, wireless devices and mobile phones are NOT permitted.
- Exam seating is assigned, so please check the projector screen before you sit down.

Part 2: Measuring the Economy

Big ideas: The value of total output produced by a country is called gross domestic product (GDP). GDP per capita is correlated with but is not the same as well-being. To measure GDP growth over time, one must account for changes in prices.

Famous quote: “Economic welfare cannot be adequately measured unless the personal distribution of income is known. And no income measurement undertakes to estimate the reverse side of income, that is, the intensity and unpleasantness of effort going into the earning of income. The welfare of a nation can, therefore, scarcely be inferred from a measurement of national income.”

--Simon Kuznets, “Uses and Abuses of National Income Measurements” (1937). [Nobel Prize 1971]

A. Overview of macroeconomics [Sept 23, Sept 25]

- Read textbook by Taylor & Weerapana, chapter 5 and do FlatWorld homework on Blackboard by Sept 22.
- Bring the following slideshow handouts to class: *Reading values in dollars and other currencies. The macroeconomic record: GDP and employment. The Great Depression. The macroeconomic record: inflation and interest rates. Macroeconomic theory and policy.*
- Submit Problem Set in class by Sept 30.

B. Gross domestic product [Sept 30]

- Read textbook by Taylor & Weerapana, chapter 6 except section 6.3 and do FlatWorld homework on Blackboard by Sept 29.
- Bring the following slideshow handouts to class: *What is GDP? The spending approach to GDP. Stocks and flows. The production approach to GDP. The income approach to GDP. Income and saving.*
- Submit Problem Set in class by Oct 7.

C. The price level and inflation [Oct 2]

- Read textbook by Taylor & Weerapana, chapter 6 section 6.3 and do FlatWorld homework on Blackboard by Oct 1.
- Bring the following slideshow handouts to class: *Real GDP versus nominal GDP. Measuring inflation. International comparisons of GDP.*
- No problem set due. Instead, study for exam.

Second exam [Oct 7]

- Prepare by reviewing slideshow handouts and recent problem sets, and by working old exams posted online (wmboal.com/pmacro).
- You may use a simple calculator, but graphing calculators, calculators with alphabetical keyboards, wireless devices and mobile phones are NOT permitted.
- Exam seating is assigned, so please check the projector screen before you sit down.

Part 3: Long-Run Economic Growth and Inflation

Big ideas: The total productive capacity of a country (potential GDP) depends on available land, capital, labor, and technology. Very high inflation is caused by very high growth rate of the money supply.

Famous quote: “Is there some action a government of India could take that would lead the Indian economy to grow like Indonesia’s or Egypt’s? If so, *what*, exactly? If not, what is it about the ‘nature of India’ that makes it so. The consequences for human welfare involved in questions like these are simply staggering: Once one starts to think about them, it is hard to think about anything else.”

-- Robert Lucas, “On the mechanics of economic development” (1988) [Nobel Prize 1995]

Another famous quote: “Inflation is always and everywhere a monetary phenomenon.”

--Milton Friedman, *Inflation: Causes and Consequences* (1963) [Nobel Prize 1976]

A. Causes of economic growth [Oct 9]

- No textbook reading or FlatWorld homework.
- Bring the following slideshow handouts to class: *The aggregate production function. The growth model of Thomas Malthus.*
- Submit Problem Set in class by Oct 16.
- Enjoy Fall Break, Oct 14-15!

B. Capital: the spending allocation model [Oct 16, Oct 21]

- Read textbook by Taylor & Weerapana, chapter 7 and do FlatWorld homework on Blackboard by Oct 15.
- Bring the following slideshow handouts to class: *Output and capital. Measuring investment. The interest rate as an opportunity cost. GDP spending components and the interest rate. How spending components of GDP are determined in the long run. Shifts in nongovernment shares.*
- Submit Problem Set in class by Oct 23.

C. Labor: employment and unemployment [Oct 23]

- Read textbook by Taylor & Weerapana, chapter 8 and do FlatWorld homework on Blackboard by Oct 22.
- Bring the following slideshow handouts to class: *Output and the labor force. Measuring the labor force. Who is unemployed? The labor market and unemployment.*
- Submit Problem Set in class by Oct 28.

D. Technology: productivity and economic growth [Oct 28]

- Read textbook by Taylor & Weerapana, chapters 9 and 10, and do FlatWorld homework on Blackboard by Oct 27.
- Bring the following slideshow handouts to class: *Measuring technology in economic growth. Technology policy. Convergence in GDP per capita. Raising growth rates in developing countries.*
- Submit Problem Set in class by Oct 30.

E. Money and inflation [Oct 30]

- Read textbook by Taylor & Weerapana, chapter 11 and do FlatWorld homework on Blackboard by Oct 29.
- Bring the following slideshow handouts to class: *Forms and functions of money. Banks and the Federal Reserve. The "quantity equation" for money and inflation.*
- No problem set due. Instead, study for exam.

Third exam [Nov 4]

- Prepare by reviewing slideshow handouts and recent problem sets, and by working old exams posted online (wmboal.com/pmacro).
- You may use a simple calculator, but graphing calculators, calculators with alphabetical keyboards, wireless devices and mobile phones are NOT permitted.
- Exam seating is assigned, so please check the projector screen before you sit down.

Part 4: Short-Run Business Cycles

Big ideas: Actual GDP fluctuates around potential GDP in business cycles—booms and recessions. Recessions raise unemployment and cause hardship for millions of people. The inflation rate tends to rise or fall, depending on whether GDP is above or below potential GDP. The inflation rate stops changing when actual GDP again equals potential GDP.

Famous quote: “The psychology of the community is such that when aggregate real income is increased, aggregate consumption is increased, but not by so much as income.”

--John Maynard Keynes, *The General Theory of Employment, Interest, and Money* (1935).

Another famous quote: “Wall Street [stock] indexes predicted nine out of the last five recessions!”

--Paul Samuelson, "Science and Stocks," *Newsweek* (September 19, 1966). [Nobel Prize 1970]

A. Causes of economic fluctuations [Nov 6]

- Read textbook by Taylor & Weerapana, chapter 12 and do FlatWorld homework on Blackboard by Nov 5
- Bring the following slideshow handouts to class: *Economic fluctuations. The consumption function. The Keynesian cross.*
- Submit Problem Set in class by Nov 11.

B. Keynesian multipliers [Nov 11]

- Read textbook by Taylor & Weerapana, chapter 12 appendix section 12.7. (No FlatWorld homework assignment.)
- Bring the following slideshow handouts to class: *The simple Keynesian multiplier. The Keynesian multiplier and net exports. More Keynesian multipliers. Forward-looking consumption.*
- Submit Problem Set in class by Nov 13.

C. The economic fluctuations model [Nov 13, Nov 18]

- Read textbook by Taylor & Weerapana, chapter 13, and do FlatWorld homework on Blackboard by Nov 12.
- Bring the following slideshow handouts to class: *Inflation over the business cycle. How the interest rate affects GDP. How inflation affects the interest rate. Inflation adjustment.*
- Submit Problem Set in class by Nov 20.

D. Using the economic fluctuations model to explain business cycles [Nov 20]

- Read textbook by Taylor & Weerapana, chapter 14, and do FlatWorld homework on Blackboard by Nov 19.
- Bring the following slideshow handouts to class: *Classic business cycles triggered by changes in fiscal policy. Classic business cycles triggered by changes in monetary policy. Business cycles from a price shock. The Great Recession of 2007-2009. The COVID19 Recession.*
- No problem set due. Instead, study for exam.

Fourth exam [Nov 25]

- Prepare by reviewing slideshow handouts and recent problem sets, and by working old exams posted online (wmboal.com/pmacro).
- You may use a simple calculator, but graphing calculators, calculators with alphabetical keyboards, wireless devices and mobile phones are NOT permitted.
- Bring a straightedge to this exam—a ruler or an extra pencil.
- Exam seating is assigned, so please check the projector screen before you sit down.
- Enjoy Thanksgiving Break, Nov 27-29!

Part 5: Macroeconomic Policy

Big ideas: Well-timed fiscal policy (taxing and spending) and monetary policy (money supply and interest rates) can potentially dampen business cycles.

A. Fiscal policy [Dec 2]

- Read textbook by Taylor & Weerapana, chapter 15, and do FlatWorld homework on Blackboard by Dec 1.
- Bring the following slideshow handouts to class: *Budget deficits and the debt. Using fiscal policy to dampen short-run business cycles. The deficit or surplus over the business cycle.*
- No problem set due. Instead, study for final exam.

B. Monetary policy [Dec 4]

- Read textbook by Taylor & Weerapana, chapter 16 except section 16.5, and do FlatWorld homework on Blackboard by Dec 3.
- Bring the following slideshow handouts to class: *The Federal Reserve. How the Fed controls the money supply. How the Fed controls the interest rate. Using monetary policy to dampen short-run business cycles. Central bank independence.*
- No problem set due. Instead, study for final exam.

C. International finance and macroeconomic policy [if time permits]

- Read textbook by Taylor & Weerapana, chapter 16 section 16.5, and chapter 19. No FlatWorld homework.
- Bring the following slideshow handouts to class: *Exchange rate determination. Fixed exchange rates.*
- No problem set due. Instead, study for final exam.

Final Exam

The [University Registrar](#) has scheduled the final exam for this course on **Tuesday, December 10 from 2:00 to 3:50 PM** in the regular classroom. The final exam is comprehensive and includes questions from all parts of the course.

- Prepare by reviewing the exams you have taken already and by working old final exams posted online (wmboal.com/pmacro).
- Bring a straightedge to this exam—a ruler or an extra pencil.
- You may use a simple calculator, but graphing calculators, calculators with alphabetical keyboards, wireless devices and mobile phones are NOT permitted.
- Exam seating is assigned, so please check the projector screen before you sit down.

[end of syllabus]