

ECON 104 B Principles of Macroeconomics Spring 2024

MoWeFr 10:00am–10:50am, Glatfelter Hall 303

Instructor: Baris Guven, Ph.D.

E-mail: bguven@gettysburg.edu

Office: Weidensall, Room 305

Office Hours: We 3:45pm–5pm and by appointment

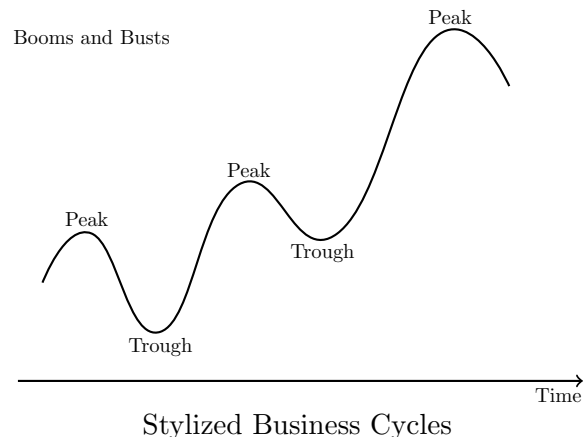
Website: <https://barisguven.netlify.app>

<https://umass.academia.edu/BarisGuven>

Course Overview

The economic activity in capitalist economies is prone to fluctuate, and its promotion and stabilization have been the primary concern of macroeconomics. The fluctuation in economic activity means investment and production undergo cycles, i.e., booms followed by busts. As investment and production fluctuate, so do employment, price level, labor share of income, interest rates, exchange rate, current account deficit, etc. Once we zoom out and take a longer view, such cycles appear as deviations from an underlying and often upward trend. But how do we measure economic activity? What are the key reasons behind its cyclical behavior? What economic policies need to be implemented to counteract its fluctuation?

What are the key factors that pull the economy forward decade after decade? Is unemployment necessary in capitalist economies? How are wage rates determined? What are the causal connections among the key macroeconomic variables? This introductory course in macroeconomics aims to equip students with a critical understanding of basic macroeconomic concepts and models to answer these and many other questions. This course goes beyond being a reiteration of the typical textbook explanations by subjecting them to critical consideration both conceptually and empirically. By the end of the course, students will be able to critically assess the claims on the workings of the macroeconomy and macroeconomic policy.



Course Materials

Textbook

The required textbook for our course is N. Gregory Mankiw's *Principles of Macroeconomics* (hereafter PM). Both the most recent (10th) and previous (9th) editions are acceptable. The publisher,

Cengage, offers it in both digital and physical forms as rentals. Among these, the most affordable option is eTextbook, which is a digital rental with varying access dates. You can purchase the textbook either directly from the [publisher](#) or through the College's [bookstore](#). If you want to purchase the textbook, I recommend you purchase the one with access until May 9, for which the publisher charges \$49.49 (the same price for the most recent and previous editions). This option is available only on the publisher's website. When you search for course material for ECON 104 B on the bookstore's website, due to a technical reason, it lists the eTextbook with access until July 9 at \$56.49. While this version is slightly more expensive, I was told by the bookstore manager that students who are tied to a scholarship, financial aid, VA, or billing to their tuition must purchase their textbook from the bookstore.

If a different course requires you to use another Cengage textbook as well, then you should consider purchasing a one-term subscription to Cengage Unlimited eTextbooks at \$79.99.

Do not hesitate to contact me if you have any questions about obtaining a valid textbook version.

Additional Materials

The following are the additional materials that we are going to use in our course. All additional materials are available on Moodle.

Readings, Talks, and Podcasts

Atkinson, R.D. and Wu, J. (2017) False Alarmism: Technological Disruption and the U.S. Labor Market, 1850-2015.

Cascio, W.F. (2006) 'The High Cost of Low Wages', Harvard Business Review, 1 December.

Cassidy, J. (2013) 'The Reinhart and Rogoff Controversy: A Summing Up', The New Yorker, 26 April.

Coyle, D. (2014) Growing pains, Aeon.

Goodman, P.S. (2023) "'OK, Mexico, Save Me': After China, This Is Where Globalization May Lead', The New York Times, 1 January.

Mazzucato, M. (2013) Government – investor, risk-taker, innovator.

Hayes, C. (2021) Minimum Wage 101 with Arin Dube.

Lazonick, W. (2014) 'Profits Without Prosperity', Harvard Business Review, 1 September.

Lazonick, W., Saking, M.E. and Hopkins, M. (2020) 'Why Stock Buybacks Are Dangerous for the Economy', Harvard Business Review, 7 January.

McLeay, M., Radia, A. and Thomas, R. (2014a) 'Money creation in the modern economy', Bank of England Quarterly Bulletin, (Q1), pp. 14–27.

McLeay, M., Radia, A. and Thomas, R. (2014b) 'Money in the modern economy: an introduction', Bank of England Quarterly Bulletin, (Q1), pp. 4–13.

Nicas, J., Lankes, A. and Brach, S.L. (2022) 'Think 9% Inflation Is Bad? Try 90%', The New York Times, 6 August.

Pollin, R. (2019) 'Advancing a Viable Global Climate Stabilization Project: Degrowth versus the Green New Deal', Review of Radical Political Economics, 51(2), pp. 311–319.

Powell, J.H. (2022) 'Monetary policy and price stability'.

Randow, J. (2022) 'Fighting Inflation The German Way', Bloomberg Businessweek, (4757), pp. 29–29.

Roose, K. (2013) Meet the 28-Year-Old Grad Student Who Just Shook the Global Austerity Movement, *Intelligencer*.

Stiglitz, J.E. (2020) GDP Is the Wrong Tool for Measuring What Matters, *Scientific American*.

Documentaries and Movies

Stone, O. (1987) [Wall Street](#).

McKay, A. (2015) [The Big Short](#).

Jain, R. (2016) [Machines](#).

Access to Course Materials

All class announcements, lecture slides, lab problem sets, and additional course material are posted on Moodle, Gettysburg College's learning management system. You should check Moodle daily. Note also that the College students can read online and for free The New York Times by activating a [NYTimes.com Group Pass](#) and Wall Street Journal by [creating an account](#). The physical issues of such magazines as Bloomberg Businessweek and The Economist can be found at Musselman Library. You can search for specific articles in these magazines on [MUSCAT Plus](#). The documentaries and movies listed above can be accessed from Moodle.

Course Requirements and Grading

Your course grade consists of six elements: lab assignments, attendance and participation, weekly problem sets, two midterm exams, a final exam, and a research paper.

1. **Lab Problem Sets (3%):** From the second week on, I will post a lab problem set on Moodle each week. You will work on these problem sets with the PLA in the lab sessions. Your submissions will be graded on a complete-incomplete basis. In other words, only a fully completed problem set will earn you points; an incomplete problem set will earn you zero points.
2. **Attendance and Participation (2%):** I will take attendance in each lecture using Moodle. Attendance will make up half of your attendance and participation grade (1%). The other half will come from your classroom participation/engagement. Please note that I will only consider health conditions that you can document, family emergencies, and religious holidays or observances as valid excuses for absence, and I will not accommodate any other absence requests. As per the College's [guidance](#) for religious observance for students, you have the responsibility to notify me in advance of religious holidays or observances that might coincide with exams, assignments, or class times to schedule mutually acceptable alternatives. You are also responsible for making up any work missed due to an accommodation.
3. **Problem Sets (25%):** There are 11 weekly online problem sets. They will be available on Moodle. I will drop the lowest grade from your course total. You are encouraged to work on

them in small groups. However, do not simply copy someone else's answers in your group. Do your own work and exchange ideas with your fellow students to answer the questions. Copying from others will set you up for failure in the midterm and final exams.

4. **Two Midterm Exams (40%):** Your knowledge and comprehension of the course topics will also be tested through two midterm exams. The exams will include multiple-choice, short- and long-answer questions. They will take place in the lecture room. The first midterm exam is scheduled for **Wednesday, March 6** and the second for **Friday, April 12**.
5. **Final Exam (30%):** The format of the final exam is the same as the midterm exams. The final exam will take place on **Monday, May 6**, from 8:30 am to 11:30 am in the lecture room. You can view the Spring 2024 final exam schedule [here](#). Please make your travel arrangements accordingly.
6. **Research Paper (Bonus):** A two to three pages long research paper that addresses a specific research question. A satisfactory paper will directly improve your letter grade by one category (for instance, from B+ to A-). If you want to write a research paper, you should commit to it by Monday, February 12, and submit the final version by Friday, April 19.

Finally, the letter grades will be assigned according to the following schedule with **no rounding**:

Cut-off	97	93	90	87	83	80	77	73	70	66	63	60	-
Grade	A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	F

Please note that your grade depends on the fixed standard of comprehension and expression above and not on comparison to other students. Therefore, you should feel comfortable discussing and sharing your notes, ideas, and writing with your fellow students.

Class Communication

I will use Moodle announcements to communicate with you throughout the semester. You should make sure to see my announcements not too late in order to stay up-to-date with the class. Note that Moodle sends notification emails to students about course announcements, assignments, feedback and more.

Accommodation Policy

Gettysburg College promotes self-disclosure and self-advocacy for students with disabilities admitted through the regular admissions process. The College recognizes students with disabilities have the legal right and responsibility to present requests for reasonable accommodations. The [Center for Student Success](#) assists students with disabilities with their requests for accommodations. If you have a documented disability that requires accommodation, please request disability accommodation with the Center for Student Success so that we may make appropriate arrangements.

Title IX Policy

Gettysburg College and its faculty are committed to creating a safe and open learning environment for all students. If you or someone you know has experienced sexual harassment, including sexual

assault, dating or domestic violence, and stalking, know that help and support are available. Please be aware that all faculty members are required to report instances of sexual misconduct to the College's Office of Sexual Respect and Title IX. When a report is made, the College's Title IX Coordinator will reach out to the impacted individual with information about resources, supportive measures, and resolution processes. If you wish to speak to a confidential resource, I encourage you to contact any of the confidential resources on campus and within the local community, which can be found here: <https://www.gettysburg.edu/offices/sexual-respect-title-ix/resources/resource-list>.

Other Course Policies

All members of ECON 104 B must *read and agree* to these policies:

1. **LATENESS** You are expected to arrive and be seated by 10 am. To ensure this, arrive early. Being late disturbs and distracts your classmates and me. I will generally give a one-minute grace period before beginning the lecture. In the rare event that you arrive late, enter quietly and quickly and find a seat on an aisle. When you arrive late, your goal is to be seen and heard as little as possible.
2. **TALKING DURING LECTURE** Do not talk to other students during lecture. If you are confused about something, raise your hand to ask me in class, or wait until after class to ask me, or another student. If you start a discussion with a neighbor, you will miss more of the lecture and get further confused.
3. **LAPTOPS, TABLETS, CELL PHONES, & OTHER DEVICES MUST BE PUT IN SILENT MODE** While you can use your laptop or tablet to take notes, please note that many studies show that if two groups of students view the same lecture, students who took notes longhand score much higher on an assessment than did the students who took notes using a laptop. Research also shows that laptops in the classroom distract the students who use them and other students who sit nearby. In any case, students are not permitted to tape, film, or record lectures.
4. **AT THE END OF LECTURE** As the end of lecture approaches do not prepare to leave (e.g., closing your notebook, packing up your book bag, putting on your coat). Wait until I announce the lecture is over. This "preparing-to-leave" activity distracts your classmates who are trying to listen to the end of the lecture and me. If you must leave class early on a particular day, let me know in advance and sit in the back.
5. **RESPECT AND GOODWILL** All members of ECON 104 B will treat all other members with respect and goodwill. It is not possible to conduct an honest, reasoned discussion of social and economic issues without reciprocal respect and goodwill.
6. **ACADEMIC INTEGRITY AND THE HONOR CODE** All students must adhere to the principles and practices in the [Honor Code](#), maintain the highest integrity in their academic work, be committed to the critical evaluation of ideas, be free of personal prejudice, and recognize the obligation to create an atmosphere of mutual trust and respect.

Study Tips

The following may help you do well in this and other courses.

- Spend a minimum of ten hours a week (not including class time) on this course to learn the material and get enough practice. Practicing sound problem-solving skills is very important in economics.
- Do not fall behind; keep up with the material every week to apply your new economic skills.
- Read the chapters, readings, and assignments carefully keeping pen and paper at your side to work out the various points being made. Redraw every graph to understand how it works and what it shows. Rewrite every equation to understand how it operates and what it means.
- Spread your studying for exams over several days and quiz yourself on the relevant material before exams. These are highly effective learning strategies shown to boost student performance on exams.
- Do not highlight chapters; this does little to improve learning. Instead, work in groups of one or two classmates on problems then consult the lecture notes, recitation notes, textbook, or instructor for help. Students who study on their own then discuss their work in small groups of their classmates understand the material better and feel more engaged with their classes.
- Get to know your professor. Studies show that students who get to know their professor feel more connected to the course material and the college, understand the material better and get better grades. Come to office hours to ask questions regularly. Do not put off attending office hours until the day before assessments – it gets too crowded at those times. Ask specific questions; for instance, “Where did I go wrong in calculating GDP?” not “Why didn’t I get a higher grade?”
- Do not hide academic problems. Studies show that students who ask for help improve their grades and those who do not spiral downward – isolated, failing, and unhappy.
- Think carefully about how much time you devote to studying for this course. Research shows that students who do well always mention the time they spent studying for the course in evaluations of their experience. Students who do poorly never mention time. You should think about how much time you devote to this course, the quality of your study time when you are going to study, and so on.
- You cannot study for any university course like you did in high school – 25 minutes at lunch, half an hour before class, and 45 minutes at night. Research shows grades and understanding improve when university students set aside an *uninterrupted stretch of a few hours* to study one subject.

Weekly Course Schedule

Below is our weekly course plan. All of the course materials other than the textbook are available on Moodle.

Dates	Topic	Readings and Assignments
Jan 22 - 26	Gross Domestic Product and Its Critique	PM, Chapter 10 Coyle, ‘Growing pains’ Stiglitz, ‘GDP is the Wrong Tool’ Homework 1 (due Feb 2)

Jan 29 - Feb 2	Cost of Living and Inflation	PM, Chapter 11 NL, 'Think 9% Inflation Is Bad? Try 90%' Randow, 'Fighting Inflation the German Way' Homework 2 (due on Feb 9)
Feb 5 - 9	Production and Growth	PM, Chapter 12 Pollin, 'Degrowth versus Green New Deal' Mazzucato, 'Government - Investor, ...' Homework 3 (due on Feb 16)
Feb 12 - 16	The Market Forces of Supply and Demand	PM, Chapter 4 Homework 4 (due on Feb 23)
Feb 19 - 23	The Financial System	PM, Chapter 13 Lazonick, 'Profits Without Prosperity' Lazonick et al., 'Stock Buybacks Dangerous' McKay, The Big Short & Stone, Wall Street Homework 5 (due on Mar 1)
Feb 26 - Mar 1	Unemployment	PM, Chapter 15 Cascio, 'The High Cost of Low Wages' Hayes, 'Minimum Wage 101 with Arin Dube' Atkinson & Wu, 'False Alarmism' Jain, 'Machines' Homework 6 (due on Mar 8)
Mar 4 - 8	Review First Midterm Exam (March 6)	
Mar 18 - 22	The Monetary System	PM, Chapter 16 McLeay et al., 'Money in the modern economy' Homework 7 (due on Mar 29)
Mar 25 - 29	Open-Economy Macroeconomics: Basic Concepts	PM, Chapter 18 Goodman, 'OK, Mexico, Save Me: After China, This Is Where Globalization May Lead' Swanson, 'Biden Administration Clamps Down on China's Access to Chip Technology' Homework 8 (due on Apr 5)
Apr 1 - 5	A Macroeconomic Theory of the Open Economy	PM, Chapter 19 Homework 9 (due on Apr 12)
Apr 8 - 12	Aggregate Demand and Aggregate Supply	PM, Chapter 20 Homework 10 (due on Apr 19)
Apr 12	Second Midterm Exam	

Apr 15 - 19	The Influence of Monetary and Fiscal Policy	PM, Chapter 21 Cassidy, 'Reinhart and Rogoff Controversy' Roose, 'Meet the 28-Year-Old Grad Student Who Just Shook the Global Austerity Movement' Homework 11 (due on Apr 26)
Apr 22 - 26	The Keynesian Cross	PM, 'The Keynesian Cross'
Apr 29 - May 3	The Short-Run Trade-Off between Inflation and Unemployment	PM, Chapter 22 Powell, 'Monetary Policy and Price Stability' Homework 12 (due on May 3)