

# ECON 103: Principles of Macroeconomics

University of Illinois at Urbana-Champaign

College of Liberal Arts & Sciences

Department of Economics

**Instructor: Eric McDermott**  
**Foellinger Auditorium**

**Fall 2017**  
**M,W 10:00-10:50am**

## Communication:

**Office:** DKH 29

**Office Phone:** Use Email

**E-mail:** emcd@illinois.edu

**Office Hours:** Tuesday 11:00-12:00 and by appointment (email for other times)

## TA Office Hours: All held in DKH 15\*\*\*

TA	Email	Discussion	Office hours
Sebastian Laumer (head TA):	<a href="mailto:laumer2@illinois.edu">laumer2@illinois.edu</a>	F 9, 10, 11	Tu 8:00-11:00
Gustavo Cortes	<a href="mailto:dslvcrt2@illinois.edu">dslvcrt2@illinois.edu</a>	Th 11, 12	M 8:00-9:00
Camila Henao	<a href="mailto:henaoar2@illinois.edu">henaoar2@illinois.edu</a>	Th 1, 2	Th 3:00-4:00
Yuci Chen	<a href="mailto:ychen278@illinois.edu">ychen278@illinois.edu</a>	Th 9, 10	M 11:00-12:00
Luiz Leit	<a href="mailto:leitees2@illinois.edu">leitees2@illinois.edu</a>	Th 1, 2, 3, 4	M 2:00-5:00
Jeremy Feigler	<a href="mailto:jkfeige2@illinois.edu">jkfeige2@illinois.edu</a>	F 12, 1, 2, 3	Tu 12-2, Th 1-2
Chen Ding	<a href="mailto:cding3@illinois.edu">cding3@illinois.edu</a>	Th 9, 10, 11, 12	W 12:00-3:00
Jeff Xu	<a href="mailto:jxu42@illinois.edu">jxu42@illinois.edu</a>	Th 3, 4	Tu 3:30-4:30

## Course Website:

<https://compass.illinois.edu>

I will send all updates via emails through this site so please be sure you are receiving them. You will be able to retrieve your grades through Compass, but remember that the final grade is always calculated according to the syllabus. You will have to do homework and quizzes on MindTap which is a separate site, linked via Compass.

### **Student questions platform (Piazza):**

There are two ways in which you can access the course materials. The first and primary one to use is Piazza. This is a message board in which students can post their individual questions (anonymously to your classmates if you wish). There are two links to Piazza that you may need. One is for registering for the class (depending on whether you've used it before) and the other is for accessing it thereafter. The links for this are included in Compass and they are as follows:

[piazza.com/illinois/fall2017/econ103](https://piazza.com/illinois/fall2017/econ103) (SIGN UP ONLY)

[piazza.com/illinois/fall2017/econ103/home](https://piazza.com/illinois/fall2017/econ103/home) (REGULAR ACCESS)

### **Homework and Quiz Platform:**

**Mindtap.** You will have to purchase access to MindTap in order to complete your homework and quiz assignments. Purchase looseleaf from the book store that comes with the access code or use the link on Compass to do so if you do not need the looseleaf version. **KEEP YOUR ACCESS CODE UNTIL YOU HAVE SUCCESSFULLY REGISTERED FOR MINDTAP.**

### **Course Description:**

This course provides an overview of the macroeconomic questions that face policymakers. We will discuss the history and evolution of some of the domestic institutions as well as the global issues in the world today, while pointing out the limitations of macroeconomics so students fully understand the difference between normative and positive statements.

### **Course Format:**

**MindTap** is the program you will use online to access your Pre-lecture quizzes and quizzes. There will also be two **midterms** and **final exam**, held in the evenings on the scheduled days. With the exception of week 1, you are expected to watch the pre-lecture videos on Compass and complete the pre-lecture quizzes in advance of lecture. There will also be a separate chapter quiz after it has been covered in lecture.

**Lectures**, which will often contain additional material beyond the videos, are held 10:00-10:50am every Monday and Wednesday in Foellinger Auditorium. This is a large lecture but you are expected to attend each session and engage with your neighbors in brief small group discussions from time to time.

**Discussion** is held once per week with your teaching assistant for the section you registered for. This is to supplement what is covered in lecture, both for review and for further examples. We will have a mandatory math skills quiz during the first discussion section. If you miss it, you will need to make it up during office hours by the end of the second week of classes.

### **Course Objectives:**

- Students will be “economically literate” and fully able to engage in policy discussions related to the economy.
- Students will be able to understand the differing effects policies can have on different people throughout the distribution and when policy decisions can and cannot be objectively said to be optimal.
- Students will be able to explain the difference between Monetarist and New Keynesian perspectives and what each implies for policy.

### **Required Texts and Related Materials:**

MindTap Homework and Quiz System and Textbook (or online textbook) – Mankiw, N. Gregory. *Principles of Macroeconomics*. 8<sup>th</sup> Edition. 2017. Cengage Learning.

### **Mindtap Registration:**

Purchase looseleaf from the book store that comes with the access code or use the link on Compass to do so if you do not need the looseleaf version. **KEEP YOUR ACCESS CODE UNTIL YOU HAVE SUCCESSFULLY REGISTERED FOR MINDTAP.**

### **Course Grade:**

Midterm 1	25%	<b>Tuesday, October 3, 7PM</b>
Midterm 2	25%	<b>Tuesday, November 7, 7PM</b>
Final Exam	25%	<b>TBD</b>
Pre-lecture quizzes (MindTap)	10%	
Homework (MindTap)	10%	
Math Quiz	5%	

### *Plus/Minus Grade Cutoffs*

A+ ≥ 97	B+ ≥ 87	C+ ≥ 77	D+ ≥ 67	60 > F
97 > A ≥ 93	87 > B ≥ 83	77 > C ≥ 73	67 > D ≥ 63	
93 > A- ≥ 90	83 > B- ≥ 80	73 > C- ≥ 70	63 > D- ≥ 60	

### **Calculating your grade:**

To calculate your final homework grade, we will drop the lowest homework scores and the lowest quiz score and average them to get your homework and quiz grades. After that, we multiply each category (participation, quizzes, homework, midterm 1, midterm 2, and final) by the appropriate percentage to calculate your final grade. On Compass, you will find a calculated percentage grade as well as homework, quiz, and exam grade columns. Bear in mind that the final grade will always be calculated according to the syllabus.

### **Assessment Policies**

#### **Exam Policies:**

There will be three exams (two midterms and a final) given during the semester. Each midterm will cover only the material since the previous midterm. The Final Exam will be comprehensive (**cumulative**), however. All students must bring their University Student ID with them to every exam. If you do not have your student ID you may not be given the exam.

With our midterm exams being on Tuesday nights there is a chance some people will have conflicts. You will have to notify Sebastian Laumer ([Laumer2@illinois.edu](mailto:Laumer2@illinois.edu)) with the subject line: MIDTERM CONFLICT EXAM stating the conflict you have as well as give him your

entire schedule for the week of the midterm so we can coordinate a time for students needing a conflict.

If you experience an illness or some reason you cannot attend one of the midterms, you must contact the instructor at [emcd@illinois.edu](mailto:emcd@illinois.edu) in advance of the exam. You should not assume it is approved until you have heard back from me.

*With respect to the final exam, I will summarize the following by saying that it is highly unlikely that you could possibly qualify to take a conflict exam for this course. The final exam schedule is set up by the University. We follow that schedule and as a result any conflict you have during that time would have been caused by another course scheduling their exam without abiding by the University's schedule (or because of a conflict exam they scheduled at that time). In either case, the course causing the conflict is the one that is responsible for resolving the conflict. If instructors from other courses try to tell you otherwise I will be happy to reach out to them. In the unlikely event that you do require a conflict final for this course, the information is as follows:*

We follow the university guidelines pertaining to conflict exams for the final as stated in the Student Code.

**Final Exam Conflict Policy:**

From the University's final exam policy:

- Any student having more than two consecutive final examinations is entitled to rescheduling as follows if he or she takes the following action no later than the last day of classes:
  - The student must investigate whether a conflict examination is being held at another time for any of the examinations involved.
  - If a conflict examination has been scheduled for any of the courses, the student must take one or more of these conflict examinations. If conflict examinations are offered for more than one course, the student must take the conflict for the course that has the largest number of students.
  - If no conflict examinations have been scheduled, the student must contact the instructor of the course having the largest number of students. The contact must be made no later than the last day of classes, and that instructor must provide a makeup examination.
  - Normally in a semester several combined-sections, conflict, and non-combined examinations are given at the same time. As a guide to resolving conflicts, an order of priority has been established within each examination period, and a student should resolve a conflict using the published examination schedules and the following priority guidelines.
    - National and state professional examinations (e.g., CPA, actuarial science, Architecture Registration Examination) take priority over campus final examinations. An instructor must offer a conflict examination to a student scheduled to take a national or state professional examination and a campus final examination at the same time.
    - A non-combined course examination has precedence over any combined-sections or conflict examination.
    - A department offering a combined-sections final examination must provide a conflict examination if required to accommodate student conflicts.

The University's final exam policy is available at:

[http://studentcode.illinois.edu/article3\\_part2\\_3-201.html](http://studentcode.illinois.edu/article3_part2_3-201.html)

The following materials are allowed for use during the exam: scientific calculator. There are to be no books, papers other than the exam itself, cell-phones or other items that connect to the internet. Students found to be using unapproved items are in violation of the Academic Integrity policy of the University and will be subject to disciplinary action.

### **Homework & Quizzes:**

Homework and quizzes represent an important part of this course and will all be completed on **MindTap**. Access to MindTap must be accessed via Compass and registered within the first week of classes. You will be assigned a pre-lecture quiz and a quiz for each chapter. These questions can be attempted up to 3 times (although you will receive a different version). You should continue attempting as the best attempt will count. Please follow the schedule and submit your questions as soon as you are done.

At the end of the semester, we will eliminate two (2) pre-lecture quiz assignments and two (2) homework assignments with the lowest scores (you get a zero for any quiz or homework not completed on time). No late homework assignment or pre-lecture quiz will be accepted for any reason. Assume that an emergency may arise for you and act accordingly – complete each assignment and quiz on time so that you will be able to drop scores in the event of an emergency as this is why we eliminate/drop those scores.

### **Important Dates:**

Deadline to Add: **September 11th**

Deadline to Drop a class: **October 20th**

Final Exam: TBD

### **Emergency Response Recommendations:**

The university maintains guidelines for emergency responses. A list of recommendations when to evacuate and when to find shelter are available at:

[http://illinois.edu/cms/2251/general\\_emergency\\_response\\_recommendations\\_8\\_16\\_13\\_final.doc](http://illinois.edu/cms/2251/general_emergency_response_recommendations_8_16_13_final.doc)

Floor plans for specific buildings are available at:

<http://police.illinois.edu/emergencyplanning/floorplans/>

### **Statement on Accommodations:**

To obtain disability-related academic adjustments and/or auxiliary aids, students with disabilities must contact the course instructor and the Disability Resources Educational Services (DRES) as soon as possible. To contact DRES you may visit 1207 S. Oak Street, Champaign, call 333-4603 (V/TTY), or email a message to [disability@uiuc.edu](mailto:disability@uiuc.edu)

**Academic Integrity:**

“The University has the responsibility for maintaining academic integrity so as to protect the quality of education and research on our campus and to protect those who depend upon our integrity.

*Expectations of Students.* It is the responsibility of each student to refrain from infractions of academic integrity, from conduct that may lead to suspicion of such infractions, and from conduct that aids others in such infractions. Students have been given notice of this Part by virtue of its publication. Regardless of whether a student has actually read this Part, a student is charged with knowledge of it. Ignorance is not a defense.”

The University’s full academic integrity policy is available at:

[http://studentcode.illinois.edu/article1\\_part4\\_1-401.html](http://studentcode.illinois.edu/article1_part4_1-401.html)

**Semester Schedule:**

**Lecture 1: Monday, August 28** Intro, What is Economics?, Chapter 1

**Lecture 2: Wednesday, August 30** Chapter 2: Thinking Like an Economist

**Lecture 3: Wednesday, September 6** Chapter 3: Interdependence and the Gains from Trade

**Lecture 4: Monday, September 11** Chapter 4: The Market Forces of Supply and Demand

**Lecture 5: Wednesday, September 13** Chapter 5: Elasticity and its Application

**Lecture 6: Monday, September 18** Chapter 6: Supply, Demand, and Government Policies

**Lecture 7: Wednesday, September 20** Chapter 7: Consumers, Producers, and the Efficiency of

**Lecture 8: Monday, September 25** Chapter 8: The Costs of Taxation

**Lecture 9: Wednesday, September 27** Chapter 9: International Trade

**Lecture 10: Monday, October 2** Chapter 10: Measuring a Nation’s Income

**MIDTERM 1: TUESDAY!!, October 3**

**MIDTERM 1: IN EVENING – BRING YOUR STUDENT ID AND SCIENTIFIC (NOT GRAPHING) CALCULATOR**

**CHECK SEAT ASSIGNMENT IN ADVANCE**

**Location: Foellinger Auditorium– 7pm**

**Lecture 10a: Wednesday, October 4** Chapter 11: Measuring the Cost of Living

**Lecture 11: Monday, October 9** Chapter 11: Measuring the Cost of Living

**Lecture 12: Wednesday, October 11** Chapter 12: Production and Growth

**Lecture 13: Monday, October 16** Chapter 13: Saving, Investment, and the Financial System

**Lecture 14: Wednesday, October 18** Chapter 13 continued

**Lecture 15: Monday, October 23** Chapter 14: Basic Tools of Finance

**Lecture 16: Wednesday, October 25** Chapter 15: Unemployment

**Lecture 17: Monday, October 30** Chapter 15 continued

**Lecture 18: Wednesday, November 1** Chapter 16: The Monetary System

**Lecture 19: Monday, November 6** Chapter 16 continued

**Midterm 2: TUESDAY!!, November 7**

**IN EVENING – BRING YOUR STUDENT ID AND SCIENTIFIC (NOT GRAPHING) CALCULATOR**

**CHECK SEAT ASSIGNMENT IN ADVANCE**

**Location: Foellinger Auditorium – 7pm**

**Lecture 20: Wednesday November 8** Chapter 17: Money Growth and Inflation

**Lecture 21: Monday, November 13** Chapter 18: Open Economy Macroeconomics: Basic Concepts

**Lecture 21a: Wednesday, November 15** Chapter 18: Open Economy Macroeconomics: Basic Concepts

*No Lecture or Discussion Nov. 16-26*

**Lecture 22: Monday, November 27** Chapter 18: Open Economy Macroeconomics: Basic Concepts

**Lecture 23: Wednesday, November 29** Chapter 19: A Macroeconomic Theory of the Open Economy

**Lecture 24: Monday, December 4** Chapter 20: Aggregate Demand and Aggregate supply

**Lecture 25: Wednesday, December 6** Chapter 21: Influence of Monetary and Fiscal Policy on Aggregate Demand

**Lecture 26: Monday, December 11** Chapter 22: Short-run Trade-off Between Inflation and Unemployment

**Lecture 27: Wednesday, December 13** Final lecture/Additional topics possible

**Final exam:** TBD