EC 204, Principles of Macroeconomics  
Syllabus, Spring Semester, 2013  MW 3PM

Instructor: Ralph O. Gunderson  
Office: Sage Hall 2410  
Office Phone: 424-1441  Email: gundrson@uwosh.edu  
Office Hours: Mon and Wed 9:15–10:30am and 2:00–3:00pm; Fri 9:15–10:30am  


Course Objectives:
1. Develop an understanding of the evolution of “economic systems”.
2. Develop an understanding of the workings of the “market system”.
3. Learn the basic principles and problems associated with “national income accounting”.
4. Learn the factors that cause business cycles.
5. Learn to distinguish between the “Classical” and “Keynesian” approaches to stabilizing business cycles.
6. Learn the origins of the 2008 financial crisis and the role that it continues to play in the U.S. economy in 2013.
7. Learn the importance of the foreign sector, especially exchange rates, to the domestic economy.

Grading System: Five Unit Tests (multiple choice) will be given during the semester. Test Dates are indicated in the course schedule (below). The lowest score among the first 4 tests will be dropped. If a student misses one of the first 4 tests, that test score will be a zero, but will be dropped. A 2nd missed test will be counted as a zero. If a student misses a unit test due to a university sponsored activity (documented by a faculty advisor/coach) then a makeup (essay) test will be given. The fifth unit test will be given on the last scheduled class meeting in May. No makeups will be given for the final exam. The multiple choice questions will cover material presented in class, the text, chapter-end problems, videos, and study questions on assigned readings.

Grade Scale: Final Grades will be based on the average of the unit tests.

<table>
<thead>
<tr>
<th>Grade</th>
<th>Description</th>
<th>Percentage Range</th>
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<tbody>
<tr>
<td>A</td>
<td>92 % Average or greater</td>
<td>72.0 % and 77.999%</td>
</tr>
<tr>
<td>A-</td>
<td>Between 90.0 % and 91.999%</td>
<td>70.0 % and 71.999%</td>
</tr>
<tr>
<td>B+</td>
<td>Between 88.0 % and 89.999%</td>
<td>68.0 % and 69.999%</td>
</tr>
<tr>
<td>B</td>
<td>Between 82.0 % and 87.999%</td>
<td>62.0 % and 67.999%</td>
</tr>
<tr>
<td>B-</td>
<td>Between 80.0 % and 81.999%</td>
<td>60.0 % and 61.999%</td>
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<tr>
<td>C+</td>
<td>Between 78.0 % and 79.999%</td>
<td>Less than 60.0 %</td>
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<tr>
<td>C</td>
<td>Between 70.0 % and 71.999%</td>
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<tr>
<td>C-</td>
<td>Between 68.0 % and 69.999%</td>
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<td>D+</td>
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<td>D-</td>
<td>Between 58.0 % and 59.999%</td>
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<td>F</td>
<td>Less than 60.0 %</td>
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Note: Students who complete the D2L macroeconomics pre-test and score more than 11 out of 20 points on the post-test will receive extra credit as follows: 11 or 12 out of 20 points earns 1% extra credit. Scores of 13 or 14 will earn 2% extra credit. Scores of 15 or 16 will earn 3%. A score of 16 or 17 earns 4%. A score of 18 earns 5% extra credit. A 19 earns 6% and a 20 earns 7% extra credit. The pre-test must be completed by February 6th, 4 pm. Anyone who does not complete the pre-test on D2L by February 6th, 4 pm, will not have the opportunity to receive extra credit at the end of the semester.

Sample Grade Calculation:  
Unit I Test  90%  
Unit II Test  80%  
Unit III Test  65%  
Unit IV Test  86%  


**Unit V Test 92%**  
**Pre-Test completed**  
**Post-Test Score 15**  

*Unit Test Average = (90 + 80 + 86 + 92)/4 = 87% Average  
Course Grade = 87 + 3 points Extra Credit = 90%  
Final Grade = A-

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**Class Schedule – MW 3PM**

**Week #1**  
Jan 28, 30  
Course Introduction  
Chapter 1: Thinking Like an Economist  
Chapter 2: Comparative Advantage

**Week #2**  
Feb 4, 6  
Chapter 2: continued  
Chapter 3: Supply & Demand  
Economics U$A Video – Resources and Scarcity  
Video – *The Commanding Heights: The Battle of Ideas, Part I*

**Week #3**  
Feb 11, 13  
Chapter 3: continued  
Video – *The Commanding Heights: The Battle of Ideas, Part II*

**Week #4**  
Feb 18  
*Unit I Exam (Ch 1,2,3)*

Feb 20  
Chapter 4: Spending, Income & GDP (omit p. 113)  
Chapter 5: Inflation and the Price Level (pp.125-133)

**Week #5**  
Feb 25, 27  
Chapter 5 (continued)  
Chapter 6: Wages & Unemployment  
Video: *The Commanding Heights: The Agony of Reform, Part I*

**Week #6**  
Mar 4  
*Unit II Exam (Ch 4 & 6)*

Mar 6  
Chapter 7: Economic Growth

**Week #7**  
Mar 11, 13  
Chapter 7 (continued)  
Chapter 8: Saving, Capital Formation, & Financial Markets

March 18 – 23  

**Week #8**  
Mar 25, 27  
Chapter 8 (continued)  
Chapter 9: The Financial System, Money, and Prices  
Video: *The Commanding Heights, The Battle of Ideas, Part II*

**Week #9**  
Apr 1  
*Unit III Exam (Ch7,8 & 9)*

Apr 3  
Chapter 10: Short-Term Economic Fluctuations  
Chapter 11: Spending & Output in the Short Run

**Week #10**  
Apr 8, 10  
Chapter 11: continued  
Chapter 12: Stabilizing the Economy – The Role of the Federal Reserve  
Note: When I (your instructor) took this course in the 1960s the most popular text, by Paul Samuelson, called 1960s-vintage economics, the “new economics,” because many new ideas, including those of John Maynard Keynes, were being applied for the first time in public policy. But during the 1970s, the 1980s, the 1990s, and now in the 2000s, this discipline has undergone many changes. Nowadays news sources will refer to the “new economics” as though our ideas have never evolved.

Since the subprime mortgage crisis of August, 2007, moved economics from the business section to the front pages, uncertainty has spread to homeowners, workers, businesses and government officials. Even the idea that our market system of allocating scarce resources has come into question as some politicians have pined away at the possibility that our system of market-based decision making will soon be swept away by a new economic order where tighter government regulation reigns in our “greedy” behavior. A surprising amount of insight into this complicated world can be gained by mastering a surprisingly small number of principles. Such as The Principle of Scarcity, which says that having more of one things usually means have less of another thing. Or the Principle of Increasing Opportunity Costs which suggests that we should use resources with low opportunity costs before turning to those with higher costs.

Success in this class is achieved by studying the material in small bites. (ignore the issue of this 3 hour class period). Study the material multiple times during the week. Re-read your class notes every Tuesday and Thursday morning (or anytime you can’t get to sleep at night). Re-work problems that were solved in class. Re-work them, don’t just re-read them. Work the problems at the end of the chapters. The answers to these problems are in the Content section of the D2L course site. Economics majors have a tutor room in Sage 2478, and they are happy to help you. When all else fails, your instructor is available to answer your questions in Sage 2410.