

**Instructor:** Dr. John Lovett

**Contact Info:** **Office Hours:** T, R: 9:45 – 11:30, Scharbauer Hall, Room 4108

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**web site:** <http://faculty.tcu.edu/jlovett> , then go to “Introduction to Macroeconomics”

**Text:** Horizons in Macroeconomics: An Introduction to the Macroeconomy by John Lovett (2010)

## Grading

Item	Possible Points
<b>+ Exams</b>	+ 5 × 100 = <b>500</b>
<b>Problem Sets</b> Best 6 of PS 1 - 7	+ 6 × 15 = <b>90</b>
<b>+ Participation</b> Participation (-51 to +60)	<b>60</b>
<b>= Total Points</b>	<b>= 650</b>
+ 7 <sup>th</sup> best PS × 50%	<b>+ 7.5</b>

*Semester grades are based on your demonstrated achievement in the course. i.e. What matters is how many points you score. Other factors, such as “needing” this course to keep a scholarship, or professing a great understanding of economics, are not relevant when assigning grades.*

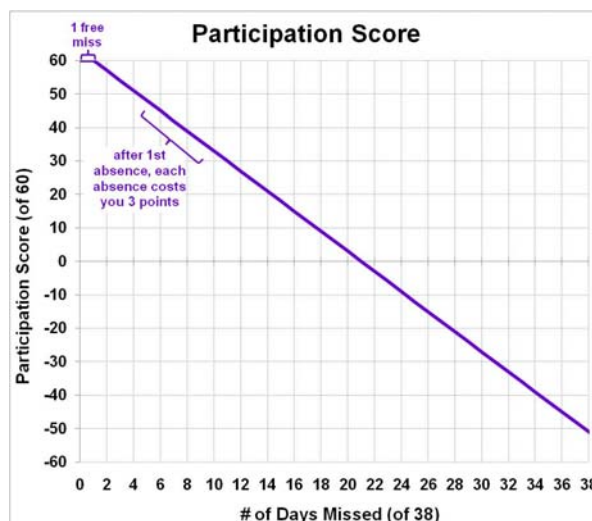
%’s for each grade →	A: 92.5%+	A-: 89.5%+	B+: 86.5%+	B: 82.5%+	B-: 79.5%+
<b>C+: 76.5%+</b>	<b>C: 72.5%+</b>	<b>C-: 69.5%+</b>	<b>D+: 66.5%+</b>	<b>D: 62.5%+</b>	<b>D-: 59.5%+</b>

Finally, I reserve the right to make minor changes to grading to facilitate a better student experience.

**Exams:** There are 4 exams. Exams 1 - 4 are 50 minute exams offered during the regular semester. During your regularly scheduled final exam period, there is a two-hour comprehensive “final” exam. This final exam counts as exam 5.

**Problem Sets:** There are 7, 15 point, problem sets (i.e. homework) in this course. Your 6 best count as normal credit. Your 7<sup>th</sup> lowest counts as a “bonus” problem set worth 7.5 points.

**Participation:** is based on attending class, being alert, and interacting in class. You start with 60 participation points. You can miss one day with no penalty. After that, each class you miss costs you 3 points unless it is excused (see next paragraph). The chart on the next page shows participation points as a function of attendance. Please note that your participation score can be negative if you miss enough classes. This is akin to courses in which you lose a letter grade after X number of absences.



Disruptive classroom behavior such as showing up late, texting, audible conversations, starting large fires, unleashing rabid squirrels on your instructor, etc., can also cost participation points.

I will excuse an absence if you **both**: 1) miss class for an official TCU activity or medical emergency, and, 2) provide documentation or an e-mail from Campus Life.

**Missing Exams:** Please do not miss exams. If you miss an exam, a zero is assigned unless it is made up. As a rule, I do not offer make-up exams during the regular semester. That being said, if you are going to miss an exam due to official TCU commitment, let me know **at least one week in advance**. In some instances, I can give you a make-up **prior to** the regularly scheduled exam. Instances of a make-up prior to the exam are infrequent and are usually limited to official TCU activities and some planned medical procedures (ex. a scheduled surgery). Again, let me know ahead of time.

If, at the end of the semester, you are missing an exam, I will meet with you and schedule a make-up sometime during the last week of classes (Mon, 30 Apr – Fri, 04 May)

**Final Exams:** Make sure you note the date and time of your final exam before making your winter travel plans. The **only** reasons one can take a final at a different time are the situations mentioned in the above paragraph, or if you would otherwise have more than 3 in a 24 hour period. If you fall under the 24 hour rule, you must complete your arrangement to re-schedule the final **at least 1 week prior to the last day of regular class** (i.e. by **Wed, 25 Apr**).

**1:00 class' Final: Fri, 11 May @ 11:30-2:00**

**2:00 class' Final: Wed, 09 May @ 3:00-5:30**

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## Statement on Disability Services at TCU

Texas Christian University complies with the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973 regarding students with disabilities. Eligible students seeking accommodations should contact the Coordinator for Students with Disabilities in the Center for Academic Services located in Sadler Hall, 11. Accommodations are not retroactive, therefore, students should contact the Coordinator as soon as possible in the term for which they are seeking accommodations. Further information can be obtained from the Center for Academic Services, TCU Box 297710, Fort Worth, TX 76129, or at (817) 257-7486.

Adequate time must be allowed to arrange accommodations and accommodations are not retroactive; therefore, students should contact the Coordinator as soon as possible in the academic term for which they are seeking accommodations. Each eligible student is responsible for presenting relevant, verifiable, professional documentation and/or assessment reports to the Coordinator. Guidelines for documentation may be found at [http://www.acs.tcu.edu/disability\\_documentation.asp](http://www.acs.tcu.edu/disability_documentation.asp).

Students with emergency medical information or needing special arrangements in case a building must be evacuated should discuss this information with their instructor/professor as soon as possible.

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## Cheating

Don't cheat or facilitate cheating! Definitions of academic misconduct, as well as possible sanctions for academic misconduct, can be found in the TCU Student Handbook (pp 12 – 15).<sup>1</sup>

We will discover that one of the best predictors of economic success for a nation is low levels of corruption. Both theory and empirical evidence strongly support this. Nations in which cheating, bribery, favoritism, and bending the rules is the main to get what you want are almost universally poor and underdeveloped. They also are usually rife with great social problems such as incredible inequality.

Why am I telling you this now? Playing fair is not just a good thing in the moral sense, it is good for society. In World War II, there used to be a saying; *“If you are driving alone, you're driving with Hitler.”* Today, I'd say; *“If you cheat in class, you're bringing U.S. society down and making Osama Bin Laden happy.”* That's a bit melodramatic, but the point is that a cultural acceptance of cheating is a major scourge for any society. Accordingly, I will punish any incidents of academic dishonesty I discover. If you are found to be cheating, possible penalties include:<sup>2</sup>

- (minimum penalty) a zero on the assignment where no other grade can replace that assignment, plus letters describing the incident on file at Campus Life and the relevant academic dean's office,
- immediately being dropped from the course with an “F”, or
- academic probation, suspension, or expulsion.

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## Expected Classroom Behavior

1. **The class period is for Macro.** Do not study for other courses, text, etc. during class.
2. **The class period is for Macro.** Please do not use a laptop during class unless you sit in the front row. In my experience, about half of laptop use during class does not involve taking notes, etc.
3. **There are many other students in the class.** Do not carry on conversations with your classmates during class time. Do not talk on your cell phone or text during class.
4. **There are many other students in the class.** Leaving the room during class time is very disruptive. Please do not do this. If you need to, tell me why after class. If you know in advance that you will have to leave during class, please tell me ahead of time. Also, sit near the door in this case.
5. **The class period is for you.** Read the assigned material prior to the lecture. This helps you better understand the lecture and makes for a more enthused, interested class.
6. **The class period is for you.** Please ask questions if you have them.

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<sup>1</sup> The Student Handbook can be found at <http://www.studentaffairs.tcu.edu/handbook/handbook.htm>. Next go to **Code of Student Conduct** and look for **3.4 Academic Misconduct** to see definitions of cheating.

<sup>2</sup> More information on the **“Procedures for Dealing With Academic Misconduct”** can be found at the Campus Life office and the AddRan College Dean's office.

## What Do Grades Mean?

Grades are about certification. When you receive a grade, I am certifying that you have demonstrated that level of understanding of the subject matter. A good (C+ or better grade) understanding is not just following the idea when the instructor describes it. It is not simply applying a concept in a very predictable situation. A good understanding is being able to explain an idea to others, being able to apply a concept in novel situations, and knowing the details in addition to the main points. The table on the below describes grading standards.

Grade	Grade Points	TCU Catalog Definition	Ideal, long-run, grade distribution? <sup>3</sup>	Performance level
F	0.00	Failing	6%	Regularly demonstrates little ability to recognize or define the concept
D-	0.67		14%	Regularly <b>demonstrates</b> the ability to recognize the concept
D	1.00	Poor		
D+	1.33			
C-	1.67		30%	Regularly <b>demonstrates</b> a basic understanding of the concepts by being able to: <ul style="list-style-type: none"> <li>Recognize &amp; define the concept</li> <li>Analyze previously discussed economic events using the concept</li> </ul>
C	2.00	Satisfactory		
C+	2.33			
B-	2.67		30%	Regularly <b>demonstrates</b> a basic understanding of the concepts by being able to: <ul style="list-style-type: none"> <li>Recognize &amp; define the concept</li> <li>Analyze previously discussed economic events using the concept</li> <li>Analyze <u>some</u> economic events, not previously discussed, using the concept</li> </ul>
B	3.00	Good		
B+	3.33			
A-	3.67		20%	Regularly <b>demonstrates</b> a clear understanding of the concepts by being able to: <ul style="list-style-type: none"> <li>Recognize &amp; define the concept</li> <li>Analyze previously discussed economic events using the concept</li> <li>Analyze <u>many</u> economic events, not previously discussed, using the concept</li> <li>Critique the concept and the assumptions upon which it is based</li> </ul>
A	4.00	Excellent!!		

← The median TCU freshman is roughly

<sup>3</sup> This is a rough, long-run average for my intro classes. Individual classes have varied for about a 2.03 to a 2.98 GPA.

... so ... **What's the Point?** Actually there are several.

1. I've seen exams and have talked with students since 1990. There is a wide range of demonstrated performance among students. Everyone learns something from the course and can demonstrate their learning. **Learning something, however, does not mean you are learning and performing at the level you think you are.** Despite putting this on my syllabus, I will still probably get several students pulling D's and even F's who come into office hours professing "*I really understand the material*". Based on their exams and, more often than not, my conversations with them, the student simply does not understand the material as well as those pulling C's and above.
2. **The standards and level of competition are higher than in high school.** There are two reasons for this. First, there is a natural jump up from high school to a university. Secondly, **a selection bias is at play.** The average TCU entering freshman was in (about) the top 10% of their high school class. Once you get to TCU, however, what used to be the lower 90% is, for the most part, no longer in the game. Therefore, you will have to ramp things up quite a bit to stay in the top 10%, or even 50%. Even with the increase in effort, 90% of TCU freshman will end up in the lower 90%, a situation they are not used to. Heck, about 8% to 10% leave TCU because they cannot keep up academically.
3. ★★★★★ There is a strong tendency for incoming freshman to be very good at memorizing definitions and examples from class. That's a fine start and may even get you a passing grade (C- or better) in some university classes. However, it is only a start. Look back at the "expected performance" on the page 4 chart. **Good grades (and true learning) are about coming to a deep, intuitive understanding and being able to apply your understanding to novel applications. This takes more than just rote learning** (reading the book, making flashcards, studying with friends for a day or two before the exam). It takes intellectual curiosity; a desire to get one's mind wrapped around the subject material. It takes persistence; struggling with the material until it becomes intuitive rather than just mechanical. The good news is two-fold: 1) most students will eventually learn to learn at this higher level, and 2) it's an awesome life skill. ★★★★★

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**Economics is a study of human behavior. Economics studies how people behave and ways to improve the outcomes. Economics is one of many social sciences. It has several distinguishing characteristics.**

1. **Economics attempts to base itself on how humans and society actually function, not how we wish it functioned.** Figuring out the positive ("reality constraints": how humans behave and how society works) should come before the normative (what changes should be made to make things better). The normative may be one's ultimate goal. However, positive analysis has to come 1st.
2. **Economics tends to take basic human behavior, values, and wants as given.** It generally focuses less on changing basic values and wants, and more on designing a "system" to better use and fulfill these values and wants.
3. At its heart, economics is about the choices individuals and societies make when facing scarcity. **Scarcity is a condition in which people want more than is freely available.** It is the universal human condition according to economists (with apologies to Buddha). Even very happy and contented individuals

tend to want a bit more than their resources allow. Ask a happy person if they could use a few more material things and/or time each day. The answer is probably; “Yes!”

4. Since both people and societies face scarcity (wants > resources), **tradeoffs must be made**. This weekend I could: a) go out on a date with my wife, b) take my kids biking, c) read a book, d) watch a movie, e) work on a paper I am trying to get published, ... or z) fix a leaky faucet. I cannot, however, do all these things. I will have to allocate my scarce time (and money) to what best fulfills my wants. Whatever I choose means a next best alternative I did not do; i.e. opportunity cost.
5. Economists assume that, more often than not, **people’s behavior responds to incentives**. People generally make important decisions based on whim or random choice. If something is more costly to them, they do less. If something is more beneficial, they do more. These costs and benefits are not always monetary. Incentives, however, are key to understanding how humans respond to their economic environment.

### A Course Overview

I. Introduction to Economics	II. What's Macro About?	III. The Very Long-Run (Growth of Capacity)	IV. The Long-Run (Crowding Out)	V. The Short-Run (Stability)
Syllabus	Chap 5: Time Horizons in Macroeconomics	Chap 8: Is Growth Important?	Chap 13: The Long Run: An Introduction to Crowding Out	Chap 17: An Introduction to the Short Run
Chap 1: What Is Economics?	Chap 6: GDP—Measuring Production	Chap 9: Sources of Growth—An Overview	<i>Chap 14: The Long Run: The Natural Rate of Output</i>	Chap 18: The Nonactivist View
Chap 2: Modeling Scarcity & Opportunity Cost	Chap 7: Unemployment & Inflation	Chap 10: Growth through Increased Resources	<i>Chap 15: The Long Run: Crowding Out in Detail</i>	Chap 19: The Activist View
Chap 3: Supply and Demand—How Markets Work		Chap 11: Sources of Growth—Institutions and the Production Process	<i>Chap 16: The Long Run: Empirical Evidence for Crowding Out</i>	Chap 20: Fiscal Policy (Changing Govt taxing & spending)
Chap 4: What are Markets Good For? (The Invisible Hand)		Chap 12: A Walk on the Egalitarian Side?		Chap 21: Money & Banking
				Chap 22: Monetary Policy

We will **not** cover the crossed out chapters.