Course Description
Keynesian and neoclassical theories of income determination. Emphasis is placed on the role of money and price level. Analysis of monetary and fiscal policy with concentration on the tools of economic analysis. Prerequisite: ECON 202.

Course Objectives
Students will learn to (1) analyze macroeconomic concepts and theories; (2) locate macroeconomic data and information; (3) construct data tables and charts to organize, analyze, and present data and relationships; (4) assess current macroeconomic conditions and make simple forecasts; and (5) affectively communicate macroeconomic information in written documents and oral presentations.

Course Textbook

Grading System
Grades will be determined by total percentage points earned in the course, with the points corresponding to each letter grade to be determined at the end of the term. I do not tend to grade on the curve. I use the usual standard that corresponds to each letter grade:

- 95-100 A
- 84-87 B
- 74-77 C
- 60-65 D
- 90-95 A-
- 80-84 B-
- 70-74 C-
- 50-60 D-
- 87-90 B+
- 77-80 C+
- 65-70 D+
- 0-50 F

Class Attendance
Students are required to attend the class and actively participate in class discussion and activities on a regular basis. There will be no make-up exams or activities for missed course requirements. Only compelling medical reasons with supporting certification from a medical doctor will be considered. Exams and class presentations cannot be made up for other reasons. If you miss a class activity, your grade will be assigned according to your completed requirements. Incomplete grades will not be assigned. Students with perfect attendance and active participation will be awarded five percent of the course grade.

Course Requirements
Course requirements and grade distribution are as follows:

- Tests 30 percent
- Final Examination 40 percent
Weekly Homework Assignments 10
Trend Analysis and Presentations 10
Survey of Consumer Confidence 10

Tests:
The first test covers chapters 1-4, 6 and 16-18. The second test covers chapters 5, 7, 9-15 and 19.

Final Examination:
A comprehensive take-home final examination will be given to you a week prior to its due date.

Weekly Homework Assignments:
Every week, I assign two problems/questions for you to answer.

Trend analysis and presentations:
Each one of you selects a macroeconomic indicator and tracks its trends over the past four decades. Then tabulate and illustrate the indicator’s trends for a written presentation (3-5 pages double-spaced) and oral presentation (10-15 minutes). Examples of economic indicators are:

- Economic Growth (percentage change of the Real GDP)
- Inflation Rate
- Unemployment Rate
- Growth Rate of Nonfarm Employment
- Productivity Level
- Income Distribution (the Gini Index)
- Balance of the Federal Budget
- Balance of Public Debt
- Balance of Current Account
- Balance of Capital Account
- Capacity Utilization Rate
- Stock Market Price Index (e.g., Dow Jones, S&P 500)
- Average Hourly Earning
- Consumer Confidence
- Leading Economic Indicators

To find Internet sources for collecting macroeconomic data, visit Bill Goffe’s Website at http://rfe.wustl.edu/Data/USMacro/index.html

Survey of Consumer Confidence

Assignment:
In this assignment you will randomly sample phone numbers from the white pages of a Bakersfield telephone book, conduct telephone surveys, code and tabulate the data, and analyze the results.
Rationale for Assignment:
Economics graduates should be skilled in collecting existing data (i.e., secondary data), generating original data (primary data collection), and analyzing both types of data. This assignment is designed to help you develop skills in collecting primary data and constructing index numbers to be used in interpreting the information. Completion of the assignment will help you develop competencies such as:

- *Effective communication*: Writing a concise document summarizing the results and economic implications of a telephone survey of consumers
- *Utilizing computers*: Using Excel spreadsheets to generate a random sample from a phone book, code the data, and tabulate the results.
- *Acquiring information*: Acquiring primary data by constructing a random sample, administering telephone surveys, coding the data, and tabulating the results.
- *Using mathematics to draw out and convey information*: Constructing an index number to convey information about local consumer sentiment and possibly determining confidence intervals for the results.
- *Understanding real-world economic environments*: Analyzing consumer attitudes to assess expectations and their likely affect on future spending and aggregate activity in a local region.

Ethical Responsibilities of Interviewers:
It is absolutely essential that you take the assignment seriously, actually use the random sampling process, and conduct real phone interviews. Survey-based research is extremely important in our society. Do not "dummy up" the numbers.

Step 1: Obtain a random sample:

*Use an Excel spreadsheet to generate a random sample of 15 locations in the phonebook.*

- The "RANDBETWEEN" built-in function was used to generate the random samples. This function randomly selects an integer between specified minimum and maximum values. If you type "=randbetween(1,3)" in cell B3, Excel will randomly display a 1, 2, or 3 in cell B3, each with equal probability. Note: in order to use the RANDBETWEEN function, select "Tools" on the menu bar, then click "Add-Ins," and be sure "Analysis ToolPak" is selected.
- We randomly select locations in the phone book by first randomly selecting a page, then randomly selecting a column on the page, and then randomly selecting a location in the column. Locations within columns are chosen by randomly selecting "full inches down the page" plus additional "fractions of inches in sixteenths down the page" (1-16). For example, if the residential listings are pages 7-98 and there are four 10-inch columns per page, the random location will be the following functions: (1) "=randbetween(7,98)" for the page number, (2) "=randbetween(1,4)" for the column on the page, (3) "=randbetween(0,9)" for full inches down the column, and (4) "=randbetween(1,16)" for additional sixteenths-of-an-inch down the page.
Step 2: Administer the telephone survey:

- Locate the phone listing in the exact location of the phonebook as specified by your random sample. If it is a business listing, skip over it to a residential listing.
- If no one answers the phone or if they refuse to participate, sequentially phone the next residential listing in the phone book until you successfully complete a survey.
- After you successfully complete an interview, go to the next randomly selected location in the white pages and continue as above until ten surveys are completed.

Step 3: Computer code the data and tabulate the index:

- On an Excel spreadsheet, each row will represent a case and each column will represent responses to a question. Put column headings on your spreadsheet (see below).
- In column A, enter the case numbers. Column B will contain coded responses to the second part of question 1. Enter a code for whatever type of big purchase was made (e.g., blank=none or no response, 1=furniture, 2=major appliance, etc.) Column C will contain responses to the first part of Question 1. Enter "1" for "yes" and "-1" for "no." In Columns D, E, F, G, H, and I, enter codes for responses to questions 2-7, respectively. Code positive responses as "1" (e.g., yes, good, better, improve, safe time, etc.) and negative responses as "-1" (no, bad, worse, risky, etc.). Enter "0" for neutral responses and a blank will indicate, "refused to respond."
- Turn a diskette into the instructor or his designee so your data can be pooled with everyone else’s. The diskette will be returned with all the data.
- Tabulate an index number in two steps. First, calculate an intermediate index:

\[
ZZ = 100 \times \frac{\text{# positive responses}}{\text{#pos} + \text{#neg}} - 100 \times \frac{\text{#neg}}{\text{#pos} + \text{#neg}} + 100
\]

Next, calculate the final index as a weighted average of ZZ (non-neutral responses) and 100 (neutral responses):

\[
\text{Index} = \frac{\text{# neutral responses}}{\text{#total responses}} \times 100 + \left[1 - \frac{\text{#neutral}}{\text{#total}}\right] \times ZZ
\]

Try to have the spreadsheet make the tabulation for you. The COUNTIF(range, criterion) function will be useful. It counts the number of cells in a specified range that meet a certain criterion. For example if you enter

\[
\text{COUNTIF(C5:F100,-1)}
\]

in cell G5, that cell will display the number of cells from C5 to F100 that have a "-1" entered in them.

Step 4: Analyze the Results and Submit a Portfolio Entry:

- Write a concise paper (1-2 pages) that analyzes the results. An index number of 100 is neutral. Values above 100 are "positive" or imply consumer "optimism" while values below 100 imply consumer "pessimism" and possible spending restraint.
- Turn in your analysis, coded data spreadsheet, completed survey forms, and the spreadsheet that generated your random sample. Also submit a short introduction to
this portfolio entry that places it in context (what does it show? why is it significant?) and summarizes the competencies it demonstrates.

Instructions for Administering the Telephone Surveys:

Survey Days and Times: In order to minimize inconveniences and the risk of selectivity bias, all phone calls should be made in the evening from 7:00 - 8:30 P.M. or on Saturdays. Ensure you are talking to an adult living in the household.

Recommended Dialogue:

"Hello, I'm calling for the Economics Department at California State University Bakersfield. We are analyzing economic trends in Kern County (Antelope Valley) and your phone number is one of 250 that were randomly selected. Can you spare about three minutes to answer seven questions?"

- If they refuse to answer the survey: "I'm sorry for the inconvenience. Have a nice evening (day)."

- If they are willing to participate, read the questions clearly. Read slowly to encourage reflection. Stress the italicized words on the survey to emphasize the reference group and time period to be considered in responding to each question.

Record the responses on the interview sheets. Afterwards, say, "We appreciate your cooperation. The results of this survey will be released to the local media shortly after all the surveys are completed. Have a nice evening (day)."

Coding Type of Purchase in Question 1:

Circle the code number(s) for type(s) of purchase if question is answered "yes."

- 1 = furniture
- 2 = major appliance
- 3 = television or other electronic equipment
- 4 = computer or major computer upgrade
- 5 = new or used car
- 6 = home improvement (discretionary, not including emergency repairs)
- 7 = other

Survey of Kern County Consumers:

Case Number: __________        Date: __________        Time: __________

Interviewer: __________________________
1. Think about the expensive things people buy such as furniture, appliances, televisions and other electronic equipment, personal computers, cars, and home improvements. Excluding seasonal events such as holiday and graduation gifts, have you or other family members living with you bought anything like this in the last 30 days?

No  Yes ... What was purchased? _________________________________

2. Think about the money recently spent on nice, discretionary things such as dining out, weekend outings, and entertainment. Excluding seasonal events such as holidays and birthdays, would you say that in the last 30 days you and family members living with you spent ...

More than usual  Less than usual, or  About the same as usual?

3. How are you and family members who live with you doing financially compared to a year ago?

Better off  Worse off  About the same

4. Consider friends, neighbors, relatives, and acquaintances living in Kern County. Compared to a year ago, would you say that as a group, they now are financially ...

Better off  Worse off  About the same or not sure

5. Looking ahead -- do you think that a year from now the financial situation of you and family members living with you is most likely to be ...

Better or more stable  Worse or more risky, or  About the same as now?

6. When your friends, neighbors, relatives, and acquaintances here in Kern County anticipate their financial and employment situation over the coming 12 months or so, do they seem ...

Optimistic things will improve or become more stable
Fearful things will get worse or become more risky, or
Are you not sure (or you haven't noticed)?

7. Do you think now is a safe or risky time for most people to use savings or incur debt to buy expensive items such as furniture, appliances, electronic equipment, and cars?

Safe time to buy  Risky time to buy  Not sure or neutral
Course Schedule:

Week 1
Introductions
Chapter 1: The Science of Macroeconomics

Week 2
Chapter 2: The Data of Macroeconomics
Chapter 3: National Income

Week 3
Chapter 16: Consumption
Chapter 17: Investment

Week 4
Chapter 6: Unemployment
Chapter 4: Money and Inflation

Week 5
Chapter 18: Money Supply and Money Demand
Mid-term Exam

Week 6
Chapter 9: Introduction to Economic Fluctuations
Chapter 10: Aggregate Demand I

Week 7
Chapter 11: Aggregate Demand II
Chapter 13: Aggregate Supply

Week 8
Chapter 5: The Open Economy
Chapter 12: Aggregate Demand in the Open Economy

Week 9
Chapter 14: Stabilization Policy
Chapter 15: Government Debt and Budget Deficits

Week 10
Chapter 7: Economic Growth I
Chapter 19: Advances in Business Cycle Theory

Final Examination