Professor Sandy Leeds
Office GSB 5.164
Office Hours Tuesday and Thursday 1:30 – 2:45
Phone 471-6830
E-Mail sandy.leeds@mccombs.utexas.edu
Course Web Page via Blackboard
Teaching Assistants N/A

Course Objectives

This class covers two primary topics:
(1) long-term issues that will affect our markets and economy
(2) issues that the Fed is thinking about right now – which are the basis of applied economics and will help you to follow the economy once you graduate

This course has several objectives. It is my hope that this class will help you to:
(1) become more informed about long-term issues that will affect our markets and economy;
(2) learn key numbers that are crucial to understanding the same issues;
(3) understand and respect opposing views about these issues;
(4) see the value in keeping up with the economy by watching the Fed; and
(5) see the value in consistently reading academic research and Fed speeches so that you will continue this habit after graduation.

Required Materials

Public Finance and Public Policy, 4e by Jonathan Gruber (Worth Publishers, 2013)

Notes Packet – Please understand: this will be distributed electronically (on Canvas) in pieces (shortly before you need each piece).

My packet may not be distributed to anyone outside of this class.
Grades

Your course grade will be the result of:
Quizzes 80%
Project 20%

My goal is for the final grade distribution to be:
A (4.0) 25%
A- (3.67) 20%
B+ (3.33) 15%
B (3.0) 35%
B- or below (2.67) 5%

Individual grades can also be adversely affected by violations of the Professionalism Policy (described below) as well as the Attendance Policy.

Description of Requirements

Attendance

I believe that testing is imperfect and that learning occurs in all different ways. One way that you will hopefully learn is by attending class. I also believe that a class has a culture (and a culture of professionalism is important). This means that you must attend class and you must be on time.

Attendance will be taken each day. You can miss two classes without any penalty. If you miss two (or fewer) classes, your grade will not be negatively impacted by attendance. In fact, your grade will be positively impacted – in that I will not give low grades to people who regularly attend class. This policy will be discussed on the first day of class.

If you miss more than two classes, each absence (after your second) will lower your final course grade by a “half” letter grade. Here’s an example. Imagine that your test and project scores would have qualified you for an A-, but you missed five classes. That means that you will have your grade lowered three notches (because you missed three classes more than you were allowed). An A- would become a B-. (In other words, one notch below an A- is a B+, one notch lower is a B and the final notch is a B-.)

I encourage you to use your absences wisely. I have had students use their two absences and then email me asking for special accommodations because they have had a flight canceled or had some opportunity that they want to experience. Unfortunately, I can’t make special rules for each person. Not only would this be unfair, it would violate school policies.
In addition to your two allowed absences, I will also excuse two absences due to interviews. **But, you must email me at least 5 days in advance of your absence.** If you are interviewing a lot, you should use these two excused absences and the other two remaining absences. Realize that this allows you to miss four of 28 classes (14%) of the semester without penalty. If you plan to miss more than that, this is not the class for you.

Please do not contact me and say, “I already have a job; can I use those two other absences for another purpose?” The answer is no. I give these two additional absences to support your job search – not because I think it’s appropriate to miss four classes.

Again, if you are looking for a job, please do not waste your two unexcused absences. It is very likely that you will need to use your two unexcused absences plus your two interview absences during your job search.

**NOTE**: due to Global Trips, **we will not have class from March 9th – 20th**. But, it is very possible that we will have a quiz on the final class prior to this break (or even the first day back). So, if you decide to leave early for your Global Trip (or return late), you will miss a class and possibly a quiz.

**Quizzes**  
We will have at least nine quizzes (hopefully more). They will occur at the start of class and will last approximately 15 minutes. They will mostly be qualitative (primarily multiple choice, true/false and short answer). I prefer to ask questions that are objective so that grading is fair. There is not a particularly great way to test the material that we will be discussing. My questions tend to be difficult. Unfortunately, I cannot tell you the dates of each quiz. I do not know how fast our class will move. Normally, we will have a quiz in the class period immediately following the class in which we finish a Unit.

This is the first time that I’m using this quiz approach (rather than a midterm and a final). I’m doing this for two reasons: (1) I think that breaking your studying into smaller pieces will make this much easier for you; and (2) in past years, the final exam has been scheduled during “disorientation week” and this has been problematic.

On the quizzes, you will be responsible for the material that is discussed in class as well as the assigned readings. Sometimes, we will discuss current events in addition to the Unit discussion. Those current events will be on the quiz (even if not related to the specific Unit discussed that day). You will be able to drop your lowest quiz. If we have 11 quizzes or more, you will be allowed to drop your two lowest quizzes.

If you miss a quiz while using either of your two unexcused absences, you will be assigned a grade (for that quiz) equal to your third lowest quiz score that is counting as part of your grade (in other words, this does not count any quiz scores that have been dropped). The idea is that I don’t want someone with a few high scores to have an incentive to skip the last few quizzes.
At the same time, I don’t want to punish someone excessively (with a zero). **There will not be make-up quizzes for unexcused absences.**

If you miss a quiz due to an excused absence (due to a job interview), you will be assigned a grade (for that quiz) equal to your average quiz grade for the semester. As an example, if we have ten quizzes, but you miss one because of an interview, that means you will have only taken nine. You will still be allowed to drop a quiz. That will leave you with eight scores (while everyone else will have nine). Your ninth quiz score will equal your average score on the eight that you did take. **Again, we will not have make-up quizzes.**

Please realize that if you have three unexcused absences and they are all on quiz days, you’ll be in real trouble. The third absence will result in a zero on the quiz. In addition, you will have triggered the attendance grading policy where your grade is lowered. In other words, everything will be working against you.

The point of all this is that you bid a lot of points on this class. While it’s your last semester, we can have a great time…just come to class. You’ll learn and you’ll enjoy it.

**Project**

Everyone is required to do one project. It is your choice as to which project you choose. If you are doing just one project, you do not need to tell me which project you are going to do.

For those of you who are concerned about your grade, you can do a second (optional) project to ensure that you give yourself the best chance for success. Be sure you understand: everyone has to do one project. If you choose to do a second project, it is in addition to the required project.

The optional project is graded on a satisfactory / unsatisfactory basis (unlike the number grade that you will receive for the required project). If you put in a good-faith effort, your work should be satisfactory. If the work is sloppy or incomplete, this would be considered unsatisfactory.

How will this second project help your grade? At the end of the semester, I will rank you (by quiz grades and required project grade). Then, I will start at the bottom (the person who ranks 40th). If he did the optional project in a satisfactory manner, he will be moved up eight spots. Then, I’ll go to the next person and do the same thing. In other words, doing this project can lift your ranking up by up to 20% (8 spots) depending on how many people do the project.

Please note: after I adjust rankings (based on the students who did a second project), I then adjust grades based on attendance. So, imagine that you did the project and it lifted you in the rankings to an A-. But, you missed three classes (you are allowed to miss two classes without needing a reason). Your grade would then be lowered to B+.

If you sign up for the project but don’t complete it, your final rank will drop eight positions.

**You must email me by February 1st if you want to sign up for the project.** If you don’t want to sign up, you don’t need to email me.

The **projects are due May 5th**. If you are submitting two projects, they should be separate documents and they should be labeled project 1 (the required project that is graded) and project 2 (that will be graded on a satisfactory / unsatisfactory basis).
Below, you will find your options for the projects. **All projects are to be done alone.**

**Project A**
You will need to read five separate academic papers and outline them. Each outline should be between six and ten pages (each), single-spaced. The academic papers (that you can choose from) will be posted on Canvas.

The goal of your outline should be to allow someone who has not read this paper to fully understand what it is about. A good outline clearly distinguishes thoughts. Your packet is full of outlines – so these should serve as an example.

**Project B**
Project B is the same as Project A. In other words, if you want to read and outline an additional five academic papers as your second project, you can do that.

**Project C**
Five days per week (the days do not have to be Monday through Friday), you will create a document of the ten interesting things you learned that day. Each point should be two to four sentences. They should be about the economy, policy issues or other interesting news (that is somewhat relevant to our class). I have put an example of this (with instructions at the top of the document) on Canvas. This project starts on January 26 and ends May 3. You do not need to do this project from March 9 – March 22.

**Project D**
Each week, you need to outline five articles that are relevant to our class (economic or policy articles). The idea is to outline a different article each day. These should be articles from The Wall Street Journal, Financial Times, The New York Times or some other reputable source. Each individual outline should be at least one page long, single-spaced. I will give you an example of this during the first day of class and I will put this example on Canvas (after the first day of class). This project starts on January 26 and ends May 3. You do not need to do this project from March 9 – March 22.

**Project E**
Project E is the same as Project D. In other words, if you want to read and outline an additional five articles each week as your second project, you can do that.

**Important Notice**
You will (hopefully) recognize very quickly that I love what I do. I really enjoy the subject matter and I really enjoy the students. What we’re doing in the Business School is very important to me. The “downside” of all this is that I will hold you to a high standard. In reality, it’s been my experience that this is what you want. I will hold myself to a higher standard.
The purpose of this syllabus is not just to give you a list of readings and dates. The most important reason for this syllabus is to let you know about my expectations for class. That way, you can make an informed decision about whether this is the right class for you. For me, the most important idea to express is that I believe we can (and should) have an extremely professional setting while also having fun.

How Will You Learn? How Will We Conduct Class?
Class will be a combination of discussion and lecture. But, to be clear – there will be significantly more lecture than class discussion (although I hope to have some discussion every day).

Much of the lecture will be done in Q&A format. The reason for this is that I believe you will retain more if you think about the question – rather than just the answer. Sometimes, I will prove the answer. Other times, I will expect you to provide the answer.

Prior to class, you will have assigned readings. Here is the odd thing: you are not permitted to bring your packet notes to class. Why is this? I have never given a class all of my notes (like I’m doing with you). In the past, I’ve given some of my notes and left some of it for the lecture. My expectation is that you will read and prepare for class. The value of class is talking about the material, having to recall the answers and thinking. The value of class is not for me to read a question to you, you to look at my notes and read me the answer. You are allowed (and encouraged), however, to bring in two pages of your own notes to help you answer questions. There will be exceptions to this rule (it will not apply to all units).

Of course, it is always possible that we will change the format of the lectures. It is also possible that we will start to assign certain people to be on call (to answer questions) for a specific day.

Important Issues Particular to This Class (and this teacher)
1. You must attend class.
2. Please be on time for class. This is part of the professionalism policy. I understand things happen (the bus is late, a meeting runs late, etc.). But, if you are late more than twice, you should expect that your final course grade will be lowered significantly (just like the attendance policy).
3. Please do not use notes from a prior semester or share notes with future classes. In effect, this is like passing on solutions from a case class. It ruins the lecture. I consider this to be an act of academic dishonesty.
4. Please keep all laptops closed during class.
5. Please only sign your name on the attendance sheet. Do not sign anyone else’s name or ask anyone else to sign your name.
6. Please understand that the topics we discuss could change during the semester.
**Expected Class Culture:**
I expect you to be prepared for class, to attend class and to be on time. I also expect you to be respectful of your peers (and me). Laptops may not be open during class. You should expect me to be respectful of your thoughts, responsive to your questions (and emails) and well prepared for class.

**Course Outline**

We will cover 13 units during the semester. They are broken into the following sections:

**A. Introduction**
Unit 1: Intro; Polarization; Certitude

**B. Following the Economy**
Unit 2: Fed Primer
Unit 3: Economic Update (based on Fed speeches)

**C. The Debt Problem and the Deficit Problem**
Unit 4: Debt-to-GDP Research
Unit 5: The U.S. Budget
Unit 6: Taxation

**D. Social Insurance**
Unit 7: Intro to Social Insurance
Unit 8: Social Security
Unit 9: Health Care
Unit 10: Other Social Insurance (UI, SNAP)

**E. Other Important Issues**
Unit 11: Cost of Education and Student Debt
Unit 12: Income Inequality
Unit 13: Retirement (Municipal Pensions and Private 401(k) Plans)

**Additional Topics (Not Likely, But Possible if We Have Extra Time)**
Financial Literacy; Minimum Wage; Immigration Policy, Investing in Gold; Strategic Default

**McCombs Classroom Professionalism Policy**
The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the Texas MBA experience hinges on this.

Faculty are expected to be professional and prepared to deliver value for each and every class session. Students are expected to be professional in all respects.

The Texas MBA classroom experience is enhanced when:

- **Students arrive on time.** On time arrival ensures that classes are able to start and finish at the scheduled time. On time arrival shows respect for both fellow students and faculty and it enhances learning by reducing avoidable distractions.
- **Students display their name cards.** This permits fellow students and faculty to learn names, enhancing opportunities for community building and evaluation of in-class contributions.
- **Students minimize unscheduled personal breaks.** The learning environment improves when disruptions are limited.
- **Students are fully prepared for each class.** Much of the learning in the Texas MBA program takes place during classroom discussions. When students are not prepared they cannot contribute to the overall learning process. This affects not only the individual, but their peers who count on them, as well.
- **Students attend the class section to which they are registered.** Learning is enhanced when class sizes are optimized. Limits are set to ensure a quality experience. When section hopping takes place some classes become too large and it becomes difficult to contribute. When they are too small, the breadth of experience and opinion suffers.
- **Students respect the views and opinions of their colleagues.** Disagreement and debate are encouraged. Intolerance for the views of others is unacceptable.
- **Laptops are closed and put away.** When students are surfing the web, responding to e-mail, instant messaging each other, and otherwise not devoting their full attention to the topic at hand they are doing themselves and their peers a major disservice. Those around them face additional distraction. Fellow students cannot benefit from the insights of the students who are not engaged. Faculty office hours are spent going over class material with students who chose not to pay attention, rather than truly adding value by helping students who want a better understanding of the material or want to explore the issues in more depth. Students with real needs may not be able to obtain adequate help if faculty time is spent repeating what was said in class. There are often cases where learning is enhanced by the use of laptops in class. Faculty will let you know when it is appropriate to use them. In such cases, professional behavior is exhibited when misuse does not take place.
- **Phones and wireless devices are turned off.** We’ve all heard the annoying ringing in the middle of a meeting. Not only is it not professional, it cuts off the flow of discussion when the search for the offender begins. When a true need to communicate with someone outside of class exists (e.g., for some medical need) please inform the professor prior to class.

Remember, you are competing for the best faculty McCombs has to offer. Your professionalism and activity in class contributes to your success in attracting the best faculty to this program.
Academic Dishonesty

I have no tolerance for acts of academic dishonesty. Such acts damage the reputation of the school and the degree and demean the honest efforts of the majority of students. The minimum penalty for an act of academic dishonesty will be a zero for that assignment or exam.

The responsibilities for both students and faculty with regard to the Honor System are described on http://mba.mccombs.utexas.edu/students/academics/honor/index.asp and on the final pages of this syllabus. As the instructor for this course, I agree to observe all the faculty responsibilities described therein. During Orientation, you signed the Honor Code Pledge. In doing so, you agreed to observe all of the student responsibilities of the Honor Code. If the application of the Honor System to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification.

Students with Disabilities

Upon request, the University of Texas at Austin provides appropriate academic accommodations for qualified students with disabilities. Services for Students with Disabilities (SSD) is housed in the Office of the Dean of Students, located on the fourth floor of the Student Services Building. Information on how to register, downloadable forms, including guidelines for documentation, accommodation request letters, and releases of information are available online at http://deanofstudents.utexas.edu/ssd/index.php. Please do not hesitate to contact SSD at (512) 471-6259, VP: (512) 232-2937 or via e-mail if you have any questions.
Honor Code Purpose

Academic honor, trust and integrity are fundamental to The University of Texas at Austin McCombs School of Business community. They contribute directly to the quality of your education and reach far beyond the campus to your overall standing within the business community. The University of Texas at Austin McCombs School of Business Honor System promotes academic honor, trust and integrity throughout the Graduate School of Business. The Honor System relies upon The University of Texas Student Standards of Conduct (Chapter 11 of the Institutional Rules on Student Service and Activities) for enforcement, but promotes ideals that are higher than merely enforceable standards. Every student is responsible for understanding and abiding by the provisions of the Honor System and the University of Texas Student Standards of Conduct. The University expects all students to obey the law, show respect for other members of the university community, perform contractual obligations, maintain absolute integrity and the highest standard of individual honor in scholastic work, and observe the highest standards of conduct. Ignorance of the Honor System or The University of Texas Student Standards of Conduct is not an acceptable excuse for violations under any circumstances.

The effectiveness of the Honor System results solely from the wholehearted and uncompromising support of each member of the Graduate School of Business community. Each member must abide by the Honor System and must be intolerant of any violations. The system is only as effective as you make it.

Faculty Involvement in the Honor System

The University of Texas at Austin McCombs School of Business Faculty’s commitment to the Honor System is critical to its success. It is imperative that faculty make their expectations clear to all students. They must also respond to accusations of cheating or other misconduct by students in a timely, discrete and fair manner. We urge faculty members to promote awareness of the importance of integrity through in-class discussions and assignments throughout the semester.

Expectations Under the Honor System

Standards

If a student is uncertain about the standards of conduct in a particular setting, he or she should ask the relevant faculty member for clarification to ensure his or her conduct falls within the expected scope of honor, trust and integrity as promoted by the Honor System. This applies to all tests, papers and group and individual work. Questions about appropriate behavior during the job search should be addressed to a professional member of the Career Services Office. Below are some of the specific examples of violations of the Honor System.

Lying

Lying is any deliberate attempt to deceive another by stating an untruth, or by any direct form of communication to include the telling of a partial truth. Lying includes the use or omission of any information with the intent to deceive or mislead. Examples of lying include, but are not limited to, providing a false excuse for why a test was missed or presenting false information to a recruiter.

Stealing

Stealing is wrongfully taking, obtaining, withholding, defacing or destroying any person's money, personal property, article or service, under any circumstances. Examples of stealing include, but are not limited to, removing course material from the library or hiding it from others, removing material from another person's mail folder, securing for one's self unattended items such as calculators, books, book bags or other personal property. Another form of stealing is the duplication of copyrighted material beyond the reasonable bounds of "fair use." Defacing (e.g., "marking up" or highlighting) library books is also considered stealing, because, through a willful act, the value of another's property is decreased. (See the appendix for a detailed explanation of "fair use."
Cheating

Cheating is wrongfully and unfairly acting out of self-interest for personal gain by seeking or accepting an unauthorized advantage over one's peers. Examples include, but are not limited to, obtaining questions or answers to tests or quizzes, and getting assistance on case write-ups or other projects beyond what is authorized by the assigning instructor. It is also cheating to accept the benefit(s) of another person's theft(s) even if not actively sought. For instance, if one continues to be attentive to an overhead conversation about a test or case write-up even if initial exposure to such information was accidental and beyond the control of the student in question, one is also cheating. If a student overhears a conversation or any information that any faculty member might reasonably wish to withhold from the student, the student should inform the faculty member(s) of the information and circumstance under which it was overheard.

Actions Required for Responding to Suspected and Known Violations

As stated, everyone must abide by the Honor System and be intolerant of violations. If you suspect a violation has occurred, you should first speak to the suspected violator in an attempt to determine if an infraction has taken place. If, after doing so, you still believe that a violation has occurred, you must tell the suspected violator that he or she must report himself or herself to the course professor or Associate Dean of the Graduate School of Business. If the individual fails to report himself or herself within 48 hours, it then becomes your obligation to report the infraction to the course professor or the Associate Dean of the Graduate School of Business. Remember that although you are not required by regulation to take any action, our Honor System is only as effective as you make it. If you remain silent when you suspect or know of a violation, you are approving of such dishonorable conduct as the community standard. You are thereby precipitating a repetition of such violations.

The Honor Pledge

The University of Texas at Austin McCombs School of Business requires each enrolled student to adopt the Honor System. The Honor Pledge best describes the conduct promoted by the Honor System. It is as follows:

"I affirm that I belong to the honorable community of The University of Texas at Austin Graduate School of Business. I will not lie, cheat or steal, nor will I tolerate those who do."

"I pledge my full support to the Honor System. I agree to be bound at all times by the Honor System and understand that any violation may result in my dismissal from the Graduate School of Business."