

# Economics 101 - Principles of Economics

## Syllabus: Fall 2009

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Course	Economics 101, Fall 2009	MWF 10:00-10:50AM
Instructor	Dr. Hisham Foad	AL 201
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Office Hours	Mon, 11:00AM-12:00PM	
	Tue, 3:00PM-4:30PM	
	Fri, 1:00PM-2:30PM	

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### Course Overview

Economics is the study of how we satisfy our unlimited wants with limited means. This course will focus on the macroeconomic side of the discipline. Macroeconomics is the study of the economy as a whole. It looks at key variables such as GDP, inflation, unemployment, interest rates, and the trade balance to explain both the current state of the aggregate economy as well as movements and fluctuations in the economy. Macroeconomists examine such issues as income disparity between countries, the effects of tax cuts and budget deficits, the sustainability of social security, the causes of and potential solutions to the current financial crisis, changes in the cost of living over time, why we observe periods of high and low unemployment, and what role (if any) the government and central bank have on the economy. The topics we will discuss appear regularly in the press, on the nightly news and have a prominent role in election year campaign speeches. As such, it is important to understand why these issues come about, and what (if anything) can be done about them.

### Learning Outcomes

The objective of this course is to provide an introduction to the field of macroeconomics, giving you the tools to think critically about macroeconomic issues. Doing so involves mastering the course objectives listed below. As the semester moves forward, you should make a note of the outcomes you have achieved. We will periodically review them over the course and I encourage you to ask questions if you are having trouble with any of them.

- Identify the sources of comparative advantage that drive trade
- Rationally analyze decisions using the cost-benefit principle taking into account both explicit and opportunity costs and thinking at the margin.

- Articulate how changes to supply and demand affect the market price and quantity of a particular good or service.
- Understand and intelligently discuss how the national economy works and see the reasons (or lack of good reasons!) for macroeconomic policy proposals. Understanding this will help you to judge what policies you, as an informed member of society and participant in the economy, will or will not support.
- Know the definitions of and how to calculate various macroeconomic variables such as GDP, the CPI, the unemployment rate, and the rate of inflation.
- Discuss the usefulness and limitations of macroeconomic aggregates such as GDP and CPI inflation.
- Identify and define the different types of unemployment including frictional, cyclical, and structural unemployment.
- Differentiate between and explain the effectiveness of fiscal and monetary policy.
- Understand the distinction between real and nominal values.
- Be able to distinguish between short and long run effects, with a particular emphasis on how economic policy will affect the macroeconomy in both the short and long run.
- Distinguish between the Classical and Keynesian views on Macroeconomics and Economic Policy.
- Identify demand-side and supply-side policies to increase economic growth and the limitations of each
- Derive the link between government budget deficits and private investment.
- Discuss the importance of a Central Bank and the banking system in general to the monetary system.
- Reconstruct the series of events that led to the current financial crisis
- Assess the effectiveness of the various fiscal and monetary policies implemented to alleviate the global economic recession.
- Debate the arguments for and against a national sales tax, privatizing social security, and national health care.
- Identify the causes and effects of trade deficits
- Discuss the merits and costs of foreign investment
- Compute exchange rates and interpret the impact of appreciations and depreciations on different sectors of the economy

## Readings

The required textbook for this course is Robert Frank and Ben Bernanke, *Principles of Macroeconomics*, Brief Edition, McGraw-Hill Irwin, 2009. The textbook is available in the bookstore alongside an optional study guide. You may purchase the study guide if you like, but success in the course is not contingent upon acquiring it. You also have the option to purchase an ebook at a discount to the physical textbook. To do so, go to the Connect website (instructions below) and purchase access to both Connect and the ebook. You may also attempt to go without a textbook, but I would caution against this unless you are certain you can attend every class session.

News relevant to economics appears in the press almost daily. Since one of the goals of this course is to provide you with an understanding of current events as they pertain to macroeconomics, it is important that you keep up with the issues. One way to do this is by reading *The Wall Street Journal*, *The Financial Times*, *The Economist*, or some other leading publication. I can get you discounted subscriptions or if you prefer, recent issues are available at the library and there is some limited coverage online. Current economic issues will be regularly discussed in class as they relate to the material, and if you have not kept up with these events, you will have no basis for discussion.

## Homework

We will be using the online homework program Connect in this class. To register with Connect, please follow these instructions:

1. Go to the web address displayed in the “Online Registration Instructions” area of your Student Registration Information.  
This should be: <http://connect.mcgraw-hill.com/class/foad09>
2. Click “Register Now” and enter your email address
3. Enter the access code that came with your textbook or purchase access if you did not buy a textbook
4. Complete the registration form
5. Click on “Go to Connect Now”

Each assignment will be posted at least a week in advance of the due date and will correspond to the material discussed in class. You will have the opportunity to attempt each assignment twice before your grade is recorded. The homework on Connect is intended to be a fair way for you to improve your grade while keeping up with the course material. Economics is very much a cumulative discipline and if you fall behind, you’ll have a difficult time catching up. Completing the Connect homework on time is a good way to make sure you don’t fall behind.

## Clickers and Quizzes

Each student will be responsible for acquiring a CPS Clicker, available for sale or rent in the bookstore. Since this is a very large class, it is difficult to engage classroom interaction using the usual Socratic methods. Clicker technology provides you with a means to actively participate in the class discussions and should be a fun way to learn Economics. We will spend some time going over instructions for using the clickers in class, but I encourage you to explore this technology on your own.

To register your clicker for the class, consult the following instructions:

1. Log into Blackboard and select this course: Econ 101-CX-Fall2009
2. Click on the “CPS Clickers” button on the left hand side
3. Click on the “Register Clicker” or “Update Your Serial Number” button
4. Enter your response pad’s serial number on the “Welcome to CPS-Blackboard” registration page – your serial number should be on the LCD screen when you turn your clicker on.
5. Enter your enrollment or coupon code. Note – if you get a message saying “Enrollment code already in use,” try proceeding with this field blank.
6. Read and agree to the student refund policy then enter your CPSOnline username and password. If you don’t have a username and password, you can create one [here](#).
7. Continue with the rest of the instructions.

\* Complete instructions are available at  
<https://cponlinehe.einstruction.com/EnrollingThroughBlackboard.pdf>

We will be using clickers in two main ways. First, I will regularly ask questions that you can respond to with your clickers. A correct response will earn you 1 points, an incorrect response earns you 0.5 points, and no response earns you zero points. There will be about 150 questions asked over the course of the semester, of which I will randomly select 60 to be graded. In addition to this, I will randomly select 25 class periods for which you earn two attendance points by registering a clicker response (correct or incorrect). I will add together your question and participation scores to reach your final “participation score” out of 100. Thus, even if you got every answer wrong (but still answered them) but attended every class, your participation score would still be a respectable 80/100. Get ten out of sixty answers correct and this jumps to an 85. Answer 50 questions correctly alongside perfect attendance and you will score 100. Please note that 100 is the highest score you can attain.

We will also be utilizing the clickers to conduct a weekly in-class quiz. Each

quiz will cover only the material discussed in class since the previous quiz and is intended to give you an incentive to keep up with the lectures.

## Examinations

There will be three exams covering the material taught in this course. The exams will only cover the material discussed in class. Since this will often diverge from the textbook, it behooves you to attend class regularly. The third exam is scheduled during finals week, but will only cover material taught after the second exam. Each exam will consist primarily of multiple choice questions, but will also have 2-3 short answer problems. The exams are closed book/closed notes and require the use of a calculator.

## Grading

Your grade in this course will depend on the following distribution:

Participation	10%
Homework	15%
Quizzes	15%
Exams	60%

For each assignment, I target an average score of 79% and a standard deviation of 10 points. If an assignment significantly deviates from these targets, I reserve the right to institute a grading curve. Otherwise, assignment grades will follow the standard distribution of 80-82 B-, 83-86 B, 87-89 B+, etc.

## Attendance

While attendance is not mandatory, it is highly recommended. Past experience has indicated that there is a strong and positive correlation between attendance and exam scores. The lectures will cover some material not in the textbook, and you can save yourself a lot of time and frustration by showing up and paying attention in class. Regular attendance is also needed to get a good grade on participation and quizzes (collectively 25% of your grade).

I encourage you to ask questions and participate in class discussions. While I am happy to lecture for the full class period, you may find this format less appealing. Engaging in discussions and asking questions will not only liven up the class, but also help you comprehend macroeconomics as more than just graphs and numbers.

## **Blackboard**

This course has a dedicated blackboard site which you should have access to. To get to blackboard, go to <http://blackboard.sdsu.edu> and login by entering your red id and password (the same one you use for WebPortal). I will regularly post lecture notes, homework assignments, practice exams, and class announcements to the site so you should check it frequently. You can post questions to the site outside of office hours and we may experiment with using it as virtual office hours. Please let me know if you do not have access to the site as soon as possible.

## **Academic Integrity**

I consider academic dishonesty to be a serious offense, and follow a zero tolerance policy in this regard. Examples of academic dishonesty include (but are not limited to) sharing answers during quizzes, using cheat sheets or digital resources in an exam, and bringing in an absent student's clicker to get them attendance points. You can do very well in this course if you are willing to put in your own work, and any benefit you may perceive from cheating is far outweighed by the penalty not only to your academic performance, but your personal integrity as well.

I also ask that you be courteous to your fellow classmates and the class itself. Please arrive to class promptly and turn off your cell phones. If you must leave a lecture early, I ask that you clear it with me beforehand. Refrain from talking when your classmates or I have the floor. If you have a question or a point to make, raise your hand and I will call on you. I will not tolerate rudeness toward your classmates and anyone guilty of this will be asked to leave that class period.

## **Accommodating Disabilities**

If you have or acquire any sort of disability that may require accommodation, feel free to discuss it with me at your convenience. If you want to find out what services are available on campus, contact Student Disability Services, Suite 3100, Calpulli Center, (619) 594-6473.

## Tentative Course Outline \*\*\*Subject to Change\*\*\*

Dates	Topic	Readings
8/31 - 9/16	Fundamentals of Economic Analysis	
	Introduction	
	Thinking Like an Economist	Ch. 1
	Comparative Advantage	Ch. 2
9/18 - 9/30	Supply and Demand	Ch. 3
	The Data of Macroeconomics	
	Measuring a Nation's Income	Ch. 4
	Measuring the Cost of Living	Ch. 5
	The Costs of Inflation	Ch. 5
<b><i>Exam I: Friday, October 2nd</i></b>		
10/5 - 10/12	The Labor Market and Unemployment	
	The Labor Market	Ch. 6
	The Causes and Costs of Unemployment	Ch. 6
10/14 - 10/28	Savings, Investment, and the Monetary System	
	Savings and Investment	Ch. 8
	Defining Money	Ch. 9
	Monetary Policy	Ch. 9
10/30 - 11/2	Economic Growth	
	The Determinants of Economic Growth	Ch. 7
<b><i>Exam II: Wednesday, November 4th</i></b>		
11/6 - 11/27	The Economy in the Short Run	
	The Business Cycle	Ch. 10
	Aggregate Demand and Supply Analysis	Ch. 13
	Macroeconomic Policy	Ch. 13
11/30 - 12/11	International Macroeconomics	
	International Capital Flows	Ch. 14
	Exchange Rates	Ch. 14
<b><i>Exam III: Friday, December 18th at 8AM</i></b>		

## Important Dates

September 7th	Labor Day, No Class
September 14th	Last Day to Drop Classes
September 16th	Last Day to Add Classes
September 18th	Furlough Day, Class Canceled
October 2nd	Exam I
October 30th	Furlough Day, Class Canceled
November 4th	Exam II
November 11th	Veteran's Day, No Class
November 23rd and 25th	Furlough Days, Classes Canceled
November 27th	Thanksgiving Holiday, No Class
December 11th	Last Day of Classes
December 18th	Exam III at 8AM

## Useful Links

### **[blackboard.sdsu.edu](http://blackboard.sdsu.edu)**

Check regularly for announcement, lecture notes, and practice exams

### **[connect.mcgraw-hill.com/class/foad09](http://connect.mcgraw-hill.com/class/foad09)**

Direct access to the Connect website where you will complete homework assignments.

### **[einstruction.com](http://einstruction.com)**

Support site for the classroom clickers. Note: Do NOT register your clickers through the einstruction site

### **[www.mhhe.com/fbbriefle](http://www.mhhe.com/fbbriefle)**

Support site for the textbook. Has some nice supplementary material.

### **[infoguides.sdsu.edu](http://infoguides.sdsu.edu)**

Gateway to the SDSU Library databases. Click on Business or Economics to get some nice links to economic data

### **[www.bea.gov](http://www.bea.gov), [www.bls.gov](http://www.bls.gov)**

Bureaus of Economic Analysis and Labor Statistics: Key data on GDP, foreign investment, prices, and unemployment.

### **[www.rfe.org](http://www.rfe.org)**

Resources for Economists: Good links to economic data and news.

### **[economist.com](http://economist.com)**

Online portal for *The Economist* magazine. Some articles require a subscription, but some of the best writing on current events out there.