OVERVIEW
How do market economies like the U.S. work? How did they originate? What role do consumers, businesses, and government play in the overall functioning of the economy? How do the financial system and the economy fit together? How do we understand booms, busts, and financial crises? What do they look like in historical context? Why should we care? What does the economy have to do with me? Why are incomes so unequal in the US? What causes growth? Are we overtaxed? Is the federal, consumer, or student loan debt a problem?

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<th>College costs and median family income, 1982 to 2012</th>
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LEARNING OUTCOMES:
After completing this course, you should be able to:

- Think about the world in terms of economic models
- Graph and explain all of the important macroeconomic relationships
- Understand the pivotal role of consumers and businesses in the operation of the economy
- Draw the connections between economic history and economic theory
- Manipulate the Aggregate Demand-Aggregate Supply model of the economy.
- Measure and model unemployment, GDP, inflation, and growth and know why they are important in discussing the performance of the economy.
- Understand the basic functioning of the financial system and draw the connections between the financial system and the economy.
- Explain how fiscal and monetary policy operate and analyze the effects of these policy decisions on the performance of the economy in the short- and long-run, using both graphs and explanations.
COURSE POLICIES

- All individuals must follow the course policies. There is no special treatment!
- Late assignments are not accepted.
- Missed assignments or classes cannot be replaced.
- No laptop computers.
- Electronics: Please turn off your cell phone and other electronic devices prior to entering class.
- Attendance: Attendance is required for every student.
- Basic Etiquette. Come to class on time. Stay until the end. No talking, no sleeping, no reading. Do not start packing your belongings before class is over; the conclusions of lectures and discussions are often the most important.
- Please come to Office Hours if you have any grading questions.
- Cheating: It is understood that cheating and plagiarism will not be tolerated. As per Cal Poly policy (CAM Section 684) “The penalty for cheating requires an “F” course grade and further attendance in the course is prohibited.”

EXPECTATIONS

In this course you are expected to:
- Show up to class on MW prepared to make a positive contribution to the learning environment.
- Study the assigned readings before coming to class and be prepared to participate in activities that rely on the readings.
- Reflect on your understanding and grasp of the material as we move through it.
- Seek assistance when you need it.
- Formulate your thinking and understanding of the empirical world in terms of economic models and theory.

EXAMINATIONS:
There will be two exams in this course – the midterm during the regular term and the final during the final exam period. Each exam comprises 30% of your final grade. Your final exam is scheduled for Thursday, March 17th @ 7-10 pm.

QUANTITATIVE LITERACY (QL) PREPS
Beyond arithmetic and geometry, quantitative literacy (QL) also requires logic, data analysis, and probability.... It enables individuals to analyze evidence, to read graphs, to understand logical arguments, to detect logical fallacies, to understand evidence, and to evaluate risks. Quantitative literacy means knowing how to reason and how to think. QL Preps comprise 25% of your final grade.

CEREGO
Cerego homework will correspond to your text reading materials and will be assigned on a regular basis. Cerego comprises 15% of your final grade.

SUPPLEMENTAL INSTRUCTION (SI)
These are peer-facilitated group sessions that will provide you with course-specific learning and study strategies, note taking and testing taking skills, and the opportunity to study with peers. These sessions will be offered throughout the quarter on Fridays.

SECTION HOURS
These are office hours offered in a smaller classroom setting where we can review any of your questions or any difficult concepts in a group environment. They are designed to help you stay on track.

GRADING SCHEME:
Your final course grade is based on the following:

- Midterm Exam: 30%
- Final Exam: 30%
- Quantitative Literacy (QL) Preps: 25%
- Cerego+: 15%
Feeling dazed or confused...

1. Come to my office hours in Room 438, OCOB. Many questions and issues can be easily resolved this way.

2. Attend the Supplemental Instruction Sessions

3. Attend the Section hours

HELPFUL RESOURCES:

- Khan Academy videos http://www.khanacademy.org/
- Current events and interesting debates:
  - Krugman’s blog at http://krugman.blogs.nytimes.com/
  - The Big Think at http://bigthink.com/
  - Marginal Revolution blog http://marginalrevolution.com/

Disability Resources

It is University policy to provide, on a flexible and individualized basis, reasonable accommodations to students who have disabilities that may affect their ability to participate in course activities or to meet course requirements. Students with disabilities are encouraged to contact their instructor to discuss their individual needs for accommodations. The Disability Resource Center (DRC) is housed in Building 124, Room 119, and can be reached at (805) 756-1395
COURSE OUTLINE: (Active week-to-week outline & assignments posted on PolyLearn)

Introduction: Understanding the Economy and Real World Macro
- Ways of Thinking and Understanding the Economy (Behavior, Assumptions, Reasoning, & Modeling)
- Economic Inequality
- Historical Underpinnings (weaved throughout the course)

Part I: Macroeconomic Indicators
- Gross Domestic Product
- Unemployment
- Inflation

Part II: The Consumer (C)
- Contemporary Consumption
- Consumer Culture
- Modeling Consumer Behavior
- The Role of Consumer Spending in the Economy
- The Consumption Function
- Analyzing Consumer Spending Data

Part III: Business Sector (I)
- Understanding Different Types of Businesses
- Role of (Real) Investment in Business
- Modeling (Real) Investment Spending
- Economy versus the Financial System
- Investment and Interest Rates
- Tracking Investment

Part IV: Modeling the Macroeconomy (putting C and I in context)
- Expenditures Approach (C + I + G + NX)
- Aggregate Demand-Aggregate Supply (AD-AS)

MIDTERM Thursday, February 4th

Part V: Economic Stability/Instability, and the Role of Government (G)
- Economic Stability: Self-Regulating Economy
- Economic Instability: Critique of Self-Regulating Economy
- AD-AS and Economic Policy: Adding Government (G)
- Fiscal Policy, Government Budget

Part VI: Money, Banking and the Federal Reserve
- The Great Recession
- Money, Banking, and the Federal Reserve System
- Monetary Policy
- The Financial Crisis

Part VII: International Sector (NX)
- Globalization
- Adding NX to the Macroeconomic Model
- Exchange Rates

FINAL EXAM Thursday, March 17th @ 7-10 PM 03-112