This course introduces you to the economics perspective. This powerful mode of analysis can be used to gain understanding of many phenomena, some of which may not be conventionally economic in nature. The domain of economic analysis can extend beyond traditional economic phenomena.

In particular, this course largely focuses on the macroeconomy, i.e. the performance of the economy as a whole. The theory of macroeconomics attempts to understand the aggregate fluctuations in economies (as measured by output (GDP), unemployment and prices) as well as the factors that determine the long run performance of the economy. To do this we will need to study the economic actors (businesses, government, households) and their interactions within the various economic institutions (private and public sectors). The resulting macroeconomic theory enables us to formulate predictions of future economic performance. Given these predictions, policy implications can be derived. In particular, we want to know if and when macroeconomic policies (monetary and fiscal) are effective in ameliorating the costs associated with these fluctuations. This course is especially relevant given the current state of the U.S. and world economy.

The Economics Department Student Learning Objectives are:

1. Define, describe, interpret and apply the choice calculus of different economic entities (individuals, firms, groups, government).
2. Describe, explain, and employ the economic way of thinking.
3. Explain and analyze how markets work.
4. Define, describe, and employ the scientific method to answering economic questions.
5. Explain and analyze how the economy works.
6. Apply the knowledge and methods in PSLOs 1-5 to both formulate and answer economic questions.
Upon successful completion of this course you should:

- Understand and be able to use (solve problems) the fundamental economic concepts of marginal analysis, comparative advantage, opportunity cost, supply and demand, market equilibrium
- Understand the basic measures of the macro economy
- Understand the basic macroeconomic model of AD and AS
- Be able to use the macroeconomic model (solve problems) to gain insights into issues and policies

This course, in addition to being one of the courses satisfying the economics major/minor preparation and the business major, also satisfies the “discipline-specific or second interdisciplinary social sciences course” in general education (area D). The area D criteria¹ are the following:

- Students will be able to identify the methods of inquiry for more than one social science discipline, summarize how the social science disciplines examined in these courses are inextricably interwoven, and explain the usefulness of an interdisciplinary approach for studying social phenomena and issues.
- They will be able to describe historical and contemporary perspectives of social issues and problems, and acknowledge both western and non-western contributions to current social issues and problems.
- Students will be able to demonstrate how and why race, class, and gender are among the most important categories of social scientific analysis.

This course will place different emphases on each of these criteria as deemed appropriate.

The textbook is


If you follow the news you will frequently encounter macroeconomics. Because of this you are expected to stay informed on the various issues that affect the U.S. and world economy over the semester. I recommend the following sources: Wall Street Journal, Economist, New York Times, PBS News Hour, National Public Radio, C-Span, Mankiw's blog, etc. See also the department’s web page for additional resources: Economics Department Links.

¹ The criteria are from Lower Division General Education for Area D.
I will make fairly detailed lecture notes available through Cougar Courses. I encourage you to make copies of these and bring them to class. Skim them (and the relevant reading) prior to each class period so that you are aware of what we will be discussing. Do not assume that these notes are sufficient for understanding the lecture materials. Take additional notes during the lectures. Or bring a laptop computer to class that you can add to the notes during class (as long as you don’t just surf the web during class). In particular, the problems and their solutions, for which there are many in this course, are not provided in the notes; some of these will be worked out in class. After each class, reread the lectures/problems and book for a more complete understanding. Quizzes often will come from homework and problems. I also have produced a few videos of particularly challenging lectures/exercises. They are also on Cougar Courses. Use them if you find them helpful.

In sum, the requirements are the following (out of a total of 500 points):

- 2 Mid-semester Exams - 125 points each
- Quizzes – 100 points
- 1 Final Exam - 150 points

You must perform satisfactorily on the sum of these requirements in order to pass the course. You must also make yourself available for taking each of these exams and quizzes on the appointed day and hour. If you have any conflict with the exam, quiz or final’s schedule, please reconsider taking my course. I do not provide make-ups, short of a serious and compelling personal problem. It is important that everyone be treated fairly (equally), unless special circumstances dictate otherwise. I decide when circumstances determine differential treatment. You must place a sufficient priority on your own education in order to ensure success in your education. Finally, no cheating of any kind or plagiarism will be tolerated. Any cheating will constitute an F for the course. (See the university catalog for regulations governing student conduct.)

The grading scale is the following (out of a total of 500 points):

- A: 450-500 points 90%
- B: 390-449 points 78%
- C: 325-389 points 65%
- D: 300-324 points 60%
- F: < 300 points

Finally, I expect professional decorum from all of you while in the classroom. This means minimally that you must turn off all smart phones and refrain from talking in the lecture. If you need to talk with someone please leave the room. It
is not fair to others when extraneous chatter disrupts their learning. In addition, you will need a calculator for quizzes and exams. You cannot use a smart phone; nor can you share a calculator during any quiz or exam.

Tentative schedule:

I. Fundamental Principles – taught as a “flipped” course
   A. The basic principles of the economics perspective; thinking like an economist, optimization, production possibilities, tradeoffs. Mankiw chapters 1-2 (including the appendix in 2). 1/21 – 2/4
   C. Basics of supply and demand, market equilibrium. Mankiw chapter 4 2/16 – 2/18
   D. Efficiency: consumers’ and producers’ surplus, experimental economics. Mankiw chapter 7 2/23

Mid-Term EXAM I (in class) February 25th Bring a green scantron sheet.

II. Macroeconomy: Preliminaries – taught more conventionally
   A. Measuring economic performance
      2. Prices: Consumer price index (CPI), inflation, deflation, disinflation, taxes, interest rates (real vs. nominal). Mankiw chapter 11 3/11 – 3/16
   B. Long-run economic growth. Mankiw chapter 12 3/25

Spring Break 3/30 – 4/3

Mid-Term EXAM II (in class) April 6th Bring a green scantron sheet.

III. The Monetary System – the long run. Mankiw chapter 16 4/8 – 4/15

IV. Aggregate demand and aggregate supply – short run fluctuations; macroeconomic policy; Great Depression vs. Great Recession. Mankiw chapters 20; 21 4/15 – 5/6

FINAL EXAM  Wednesday May 13th 7 - 9 AM Bring a green scantron sheet.