

# PRINCIPLES OF MACROECONOMICS – ECON 101

Palomar College

Jonathan Smith

Lecture: Mon 12:30pm

Course No: 30121

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## Catalog Description:

This course is intended to provide descriptive analysis of the structure and functioning of the economy of the United States. Emphasizes national income, problems of inflation and unemployment, the role of government, money supply, and economic growth.

## Jon's Description:

The primary aim of this class is to introduce the economist's way of thought. In particular, we investigate why the United States (and many other countries) adopted a market based approach to managing the fundamental economic problem of scarcity and unlimited wants. This intuition is dependent upon understanding the nature of the consumer and firm. We flesh out the many shortcomings of the market based system such as income inequality, unemployment, inflation and the business cycle. We then reason through the increased role of the government to alleviate the consequences of such market failures.

## Successful Students:

Will be able to: (1) assess the impact of current events using market analysis, (2) explain how market based economies evolve, (3) explain the role of competition and the role of the government in market based economies, and (4) offer various policy options to alter the state of the economy.

## Required Text:

McConnell, Brue, and Flynn. Macroeconomics. 19<sup>th</sup> Edition with Connect (Boston: Irwin/McGraw-Hill). The book is available online as an ebook. I will also occasionally provide addenda to the lectures from other sources.

## (Strongly) Recommended Reading:

It is recommended that you read, on a regular basis, publications such as The Economist, The Wall Street Journal, and Financial Times as a way to keep up with events of economic significance. As you find articles of interest, you are encouraged to share them with me and/or the class.

## GRADE CALCULATION:

The following is a breakdown of the contributions to your final grade:

a.	15 Chapter Quizzes (10 points each)	150
b.	3 Exams	
	i. 2 Midterms (100 pts each)	200
	ii. Comprehensive Final	150
c.	3 Problem Sets (50 points each)	150
d.	<u>Participation</u>	50
	<b>TOTAL POSSIBLE POINTS</b>	<b>700</b>

### Grade Distribution:

I will assign grades according to the following table. Depending on the final scores, I may curve the grade distribution in your favor. Periodically, there will be opportunities for extra credit assignments.

If you earn at least <u>this many points:</u>	Then your minimum <u>grade will be:</u>
630	A
560	B
490	C
420	D
0	F

### Quizzes:

Quizzes are online at the blackboard site for this class. Quizzes typically contain 20 true/false, multiple choice, and/or fill in blank questions. You are allowed one attempt to complete the quiz, but you will have the entire period of time that the quiz is available to work on your answers. That is, you can submit your quiz once. After that, the score is recorded. But you can save your answers as many times as you like. You can use your notes, textbook, and a calculator. **I will drop your worst two quiz scores and give you double credit for your best score. Therefore, if the deadline for a quiz has passed you will not be allowed to retake it.**

### Exams:

There will be two midterm exams and one final exam. The exams will consist of multiple choice and short answer questions. Each exam will be comprehensive, but with an emphasis on the material covered since the previous exam. If you must miss an exam, you must contact me ahead of time to schedule a make-up. Please know that this make-up exam will be substantially more difficult than the in-class version. You are allowed to make-up one midterm. There are no make-ups for the final exam.

### Problem Sets:

There will be three problem sets. Each problem set is worth **50 points**. You must complete the problem sets on the Connect website. You will not receive many points if you submit an incomplete problem set, i.e. where only some of the problems have been attempted. Note that the problem sets grade does depend on whether you get the answers correct and you have made a good faith effort to complete the assignment. While correct answers are important, the goal of these homework assignments is to give you practice at solving the types of problems that you will see on quizzes and exams. You will have unlimited opportunities to check if your answers are correct before final submission.

**I will not accept any late papers for any reason.** This is all the more reason to finish your work ahead of time. If your computer breaks, the dog eats your laptop, there is a power outage, or whatever, I will be sympathetic, but still will not accept late papers. Thus, it is smart if you do the assignment early so that you can get it to me. **The due dates are on the course schedule below.**

### Participation:

**I will drop any student who fails to attend two out of the first three classes.**

Attendance is a minimal requirement to receive full credit for class participation. In addition, students are expected to participate actively in the learning process. Quality participation in class may be achieved by asking intelligent questions, and by offering well-reasoned input. However, do not let the prior statement discourage you from participating. It is okay to be wrong; in fact, we often learn more from our wrong answers

than from our right ones. Questions are only stupid when the person asking has no serious interest in learning the answer. **I will deduct points increasingly for each absence after your second, regardless of excuse. Please arrive on time, do not leave, if you must arrive late or leave early, PLEASE be as unobtrusive as possible.**

**Contacting me via e-mail (jsmith@palomar.edu) :**

Be aware that I receive A LOT of junk email with subject lines such as “Can you help me”, “I’m confused” and “Is this right?”. I delete those emails automatically without looking at them. Thus, when you send me an email, please write in the subject line: **“ECON101: Your Full Name”**. Thanks!

**I check my email Monday-Friday, please allow AT LEAST forty-eight business hours to respond. I do not check email on the weekend.**

### **JON’S ADVICE FOR SUCCESS**

1. Read the book, BEFORE and AFTER class.
2. Work through each chapter’s practice quiz.
3. Print out each chapter quiz with your answers BEFORE you submit it.
4. Come see me during office hours if you are having a hard time understanding anything, you would like a clarification, or are just interested in talking about economics!
5. Take notes, and then rewrite your notes.
6. Read, on a regular basis, publications such as The Economist, The Wall Street Journal, and The New York Times as a way to keep up with events of economic significance.

### **POLICIES**

At the **discretion of the instructor**, any of the following steps may be taken when faced with **academic dishonesty**:

- A. Confront and counsel the student(s)
- B. Reassign the paper/exam/assignment
- C. Designate a failing grade for the assignment/paper/project/exam/class
- D. **Referral to the Director of Student Affairs (OSA)** for additional Code of Conduct consequences. Incident report form is found on the webpage and must be submitted with documentation of alleged violations. Students have DUE PROCESS rights.

**Code of Conduct violations** including incidents of academic dishonesty may result in:

- A. Warning (document in writing and provide to the student)
- B. Removal by the instructor for two class sessions (instructors discretion and submit the Incident Report – refer student to OSA)
- C. Probation
- D. Restitution
- E. Community Service
- F. Suspension (short and long-term)
- G. Expulsion: may only occur under the direction of the Governing Board.

**Course Outline:** (Note that these dates are not set in stone, but it is highly advisable that you read the chapters to be covered before the class that they are covered.)

<b>Week of:</b>	<b>Chapters</b>	<b>Topics</b>
Jan 27	1	Introduction: Limits, Alternatives, and Choices
	2	The Market System and the Circular flow
Feb 1	2	The Market System and the Circular flow
	3	Demand, Supply, Equilibrium, Welfare
Feb 8	5	Market Failures: Public Goods and Externalities
Feb 15	<b>No Class</b>	
Feb 22	6	An Introduction to Macroeconomics
Feb 29	<b>Exam 1</b>	<b>Quizzes and PS #1 Due by 11:59pm on Feb 29</b>
Mar 7	7	Measuring Domestic Output and National Income
Mar 14	8	Introduction to Economic Growth and Instability
Mar 21	<b>No Class</b>	
Mar 28	9	Business Cycles, Unemployment, and Inflation
	10	Basic Macroeconomic Relationships
April 4	11	Aggregate Expenditures Model
April 11	11	Aggregate Expenditures Model
April 18	<b>EXAM 2</b>	<b>Quizzes and PS #2 Due by 11:59pm on April 18</b>
April 25	12	Aggregate Demand and Aggregate Supply
May 2	13	Fiscal Policy, Deficits, and Debt
May 9	14	Money and Banking
May 16	15	Money Creation
	16	Interest Rates and Monetary Policy
May 20	<b>FINAL EXAM TBD</b>	<b>Quizzes and PS #3 Due by 11:59pm on May 20</b>