

## Spring 2016 Syllabus -- Economics (Econ) 105 -- Section 501 -- CRN 52752

**INSTRUCTOR:** Dr. Steven Castillo – Email: [stevenpc@unm.edu](mailto:stevenpc@unm.edu)

**CLASS MEETINGS:** Thursdays 6:00-7:15 pm, Room: VABS 118 as per the Course Schedule on page 2.

**OFFICE HOURS:** Thursdays 7:15-7:45 pm in VABS 118 immediately after class.

**SYLLABUS:** Subject to change.

**TEXTBOOK:** The required textbook is MACROeconomics, Fourth Edition by Paul Krugman and Robin Wells, Worth Publishers, Copyright 2015. Bring textbook and notes to class every day.

**COURSE DESCRIPTION:** Economics on a national scale: determination of national income, employment level, inflation and impact of policies affecting money supply, interest rates and government programs.

**COURSE OBJECTIVES:** After completing this course, students should be able to:

1. **Graph and explain** the difference between macro- and microeconomics, the market mechanism, the circular flow diagram, opportunity cost, PPC and CPC, price controls, shortages and surpluses.
2. **Graph and explain** comparative advantage, trade protection, Keynesian economics, inflation, unemployment, the business cycle, real GDP, price indexes, national income accounting.
3. **Graph and explain** long run economic growth, savings, investment, the financial system, income and expenditures, aggregate demand and supply, inflationary and recessionary gaps, the multiplier.
4. **Graph and explain** how gaps are closed using fiscal policy, monetary policy according to Keynes and the Monetarists, the role and measurement of money, interest rates, disinflation and deflation.

**THIS IS A HYBRID COURSE** which means that students will meet as per the Course Schedule below to discuss textbook and lecture material. Students will also be required to take Online exams as per the Course Schedule on page 2. Students should log onto Learn to take a test, see the syllabus, print lecture notes, or view lecture videos. The log-on procedure is as follows: log onto URL: **[learn.unm.edu](http://learn.unm.edu)** and enter your netID and password. Click on your Econ course. A menu will appear on the left side of your screen, click on “Course Information” and then choose syllabus in the center of the screen. For help or instructions on how to submit assignments or view your assignment grades, read the information provided at the following URL: <http://online.unm.edu/help/learn/students/>. Specific deadlines are set for each test and no late tests will be accepted.

**GRADES:** This is a hybrid course so students only come to class as per the Course Schedule on page 2. Eight class activities will be assigned during class; they are worth 5% each for a total of 40%. Each of the four tests is worth 15% for a total of 60%. Each test will be based on textbook, lecture, class notes, and will be taken online. There will be no late activities or tests given.

### Final Course Grades

100-98 A+	97-93 A	92-90 A-	89-87 B+	86-83 B	82-80 B-
79-77 C+	76-73 C	72-70 C-	69-67 D+	66-63 D	62-60 D-

**MISCELLANEOUS:** (1) UNM-Valencia is an equal access campus and students with documented **disabilities** should contact the instructor and Student Services (925-8560) immediately for assistance. (2) **Algebra** is recommended for this course and free tutoring is available at the Learning Center (925-8900). (3) Students who **cheat**, plagiarize, or copy from other people may be dropped from the course. (4) Classroom **disturbances** will reduce student grades by 5% per offense or the student may be dropped from the course. These offenses include but are not limited to: unauthorized electronic devices, tapping, clicking, eating, drinking, texting, ringing, sunglasses, lack of attention, talking out of turn, obstructing other students' views, entering class late, leaving class early, failure to bring textbook to class, failure to complete in-class assignments, and offensive language, dress, or posturing that is generally unacceptable in a college classroom environment.

## Course Schedule

<b>THURSDAY</b>	<b>CHAPTERS TO READ before class on Thursday</b>	<b>NOTES</b>
January 21	2 Economics, Tradeoffs, and Trade 3 Supply and Demand	LECTURE IS IN CLASS
Jan 28	4 Price Controls and Quotas	LECTURE IS IN CLASS
Feb 4	5 International Trade	QUIZ-1 IS IN CLASS
Feb 11 No class	Test1 ON LEARN – Chapters 2,3,4,5 Available 1:00 a.m.-11:59 p.m. 2/11 only	Two attempts Online 60 minutes per attempt
Feb 18	6 Macroeconomics: the Big Picture	QUIZ-2 IS IN CLASS
Feb 25 No class	7 GDP & CPI	LECTURE IS ONLINE NMHEAR Conference
March 3	8 Unemployment and Inflation 9 Long-run Economic Growth	QUIZ-3 IS IN CLASS
Mar 10 No class	Test2 ON LEARN – Chapters 6,7,8,9 Available 1:00 a.m. – 11:59 p.m. 3/10 only	Two attempts Online 60 minutes per attempt
Mar 17 No class	(spring break) NO CLASS	No class Spring break
Mar 24	10 Savings, Investment, & the Financial System 11 Income and Expenditure	QUIZ-4 IS IN CLASS
Mar 31	12 Aggregate Demand and Supply	QUIZ-5 IS IN CLASS
April 7	13 Fiscal Policy	QUIZ-6 IS IN CLASS
Apr 14 No class	Test3 ON LEARN – Chapters 10,11,12,13 Available 1:00 a.m. – 11:59 p.m. 4/14 only	Two attempts Online 60 minutes per attempt
Apr 21	14 Money, Banking, and the Federal Reserve System	QUIZ-7 IS IN CLASS
Apr 28	15 Monetary Policy	QUIZ-8 IS IN CLASS
May 5 No class	Test4 ON LEARN– Chapters 14,15 Available 1:00 a.m. – 11:59 p.m. 5/5 only	Two attempts Online 60 minutes per attempt
May 12 No class finals week	FINAL GRADES WILL BE POSTED BY SATURDAY MIDNIGHT MAY 21	No class

### Computer Lab Responsibility

Please be advised that use of computer labs on UNM properties is governed by “Policy 2500: Acceptable Computer Use” which can be found at <http://policy.unm.edu/university-policies/2000/2500.html>. Food and drink are also prohibited in any computer lab on campus. Anyone violating these policies is subject to possible suspension and loss of computer lab privileges.

### UNM Email/Black Board Learn Access

Beginning Fall 2015 semester, all UNM-Valencia students will need a UNM Net ID which can be created by going to: <http://it.unm.edu/accounts/>. UNM Net ID will give you access to the computer labs on campus, blackboard learn and UNM Email.

# MACROECONOMICS CHAPTER TOPICS – Krugman/Wells

**INTRODUCTION** – What is Macroeconomics, The invisible hand, The market economy, market failure, scarcity, resources, factor payments, inputs, outputs, the circular flow diagram, government intervention.

**Chapter 1 – FIRST PRINCIPLES** - (1) Resources are scarce. (2) The real cost of something is what you must give up to get it. (3) How much? Is a decision at the margin. (4) People usually exploit opportunities to make themselves better off. (5) There are gains from trade. (6) Markets move toward equilibrium. (7) Resources should be used as efficiently as possible to achieve society's goals. (8) Markets usually lead to efficiency. (9) When markets don't achieve efficiency, government intervention can improve society's welfare. (10) One person's spending is another person's income. (11) Overall spending sometimes gets out of line with the economy's productive capacity. (12) Government policies can change spending.

**Chapter 2 – ECONOMICS TRADE-OFFS AND TRADE** - choices, opportunity cost, the consumption possibilities curve and frontier, the production possibilities curve and frontier, economic growth, the law of increasing opportunity cost, Appendix: slopes and equations of linear and nonlinear curves.

**Chapter 3 – SUPPLY AND DEMAND** - Competitive markets, the market mechanism, product surplus and shortage, consumer surplus, producer surplus, causes and outcomes of a change in supply or demand.

**Chapter 4 – PRICE CONTROLS & QUOTAS** – why government controls prices, price ceilings, why use them, price floors, why use them, quantity controls, why use them, disadvantages of price and quantity controls.

**Chapter 5 – INTERNATIONAL TRADE** – comparative advantage, the effects of imports and exports on international wages, international trade protection, tariffs, quotas, embargos, and agreements.

**Chapter 6 – MACROECONOMICS: THE BIG PICTURE** – macro versus micro economic questions, Keynesian economics, taming the business cycle with Monetary and Fiscal policies, trade deficits and surpluses.

**Chapter 7 – GDP AND CPI: TRACKING THE MACRO ECONOMY** – the national income and product accounts, the flow of money through the economy, stocks, bonds, disposable income, financial markets, calculating real GDP, value added, GDP per capita, market baskets and price indexes.

**Chapter 8 – UNEMPLOYMENT AND INFLATION** – defining, calculating, and comparing the unemployment and inflation rates, types of unemployment, the natural rate of unemployment, job creation.

**Chapter 9 – LONG-RUN ECONOMIC GROWTH** – international GDP per capita, explaining and accounting for growth, the aggregate production function, diminishing returns, why international growth rates differ.

**Chapter 10 – SAVINGS, INVESTMENT SPENDING, AND THE FINANCIAL SYSTEM** – matching saving with investment, budget surplus and deficits, supply and demand of loanable funds, inflation and interest rates, financial system, financial assets, financial intermediaries, financial price fluctuations' economic affects.

**Chapter 11 – INCOME AND EXPENDITURE** – the multiplier, the consumption function, the national income accounting equation, full-employment income and output

**Chapter 12 – AGGREGATE DEMAND AND AGGREGATE SUPPLY** – the downward sloping demand curve,  $GDP = C + I + G + (X - M)$ , the wealth and interest rate effects, aggregate demand and income expenditures, shifting the short and long run aggregate supply and demand curves, government policies and aggregate demand, macroeconomic policy.

**Chapter 13 – FISCAL POLICY** – closing the inflationary and recessionary gaps, taxes and the multiplier.

**Chapter 14 – MONEY, BANKING, AND THE FEDERAL RESERVE SYSTEM** – what is money, roles of money, measuring the money supply, what banks do, bank runs, bank regulation, the Fed, 3 money creation tools.

**Chapter 15 – MONETARY POLICY** –opportunity cost of holding money, what 4 things shifts the money demand curve, money and interest rates, the federal funds rate, aggregate demand, monetary policy, income, and expenditure, targeting inflation, short and long run effects of an increase in the money supply on output, prices, and interest rates, Appendix: reconciling interest rates in the short and long run.

**Chapter 16 – INFLATION, DISINFLATION, AND DEFLATION** – the classical model of money and prices, the inflation tax, the logic of hyperinflation, moderate inflation and disinflation, the output gap and the unemployment rate, the short and long run Phillips curves, inflation expectations, the natural rate of unemployment, the costs of disinflation, deflation, debt deflation, effects of expected deflation.

**Chapter 17 – Crises and Consequences**

**Chapter 18 – Macroeconomics: Events and Ideas**

**Chapter 19 – Open-Economy Macroeconomics**