

Fall 2015 Syllabus (Subject to change) -- Economics (Econ) 105 -- Section 501 -- CRN 43923

INSTRUCTOR: Dr. Castillo, Email: stevenpc@unm.edu

CLASS DAY, TIME, AND PLACE: Thursdays, 10:30 – 11:45 a.m. in VABS 118

OFFICE HOURS: 11:45 – 12:15 immediately following class in VABS 118

TEXTBOOK: The required textbook is MACROeconomics, 3rd Edition by Paul Krugman and Robin Wells, Worth Publishers, Copyright 2013. 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.

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-

Students need a netID and Password to log on to UNM Learn (learn.unm.edu) and access the Syllabus, Course Notes, and seven quizzes. Students may drop their ONE lowest quiz. Each Learn quiz is worth 5% / each in-class test is worth 27% / and class participation is worth 1% per session.

Macro Class Schedule

Thursday	Chapters to read before Thursday	Quizzes will be Available on Learn from Friday noon until Sunday 11:59 p.m.
Aug 20	2 Economics, Tradeoffs, and Trade	
27	2 Appendix: Graphs in Economics	
Sept 3	3 Supply and Demand	Quiz1 Chapters 2,3
10	4 Price Controls and Quotas	
17	5 International Trade	Quiz2 Chapters 4,5
24	6 Macroeconomics: The Big Picture	
Oct 1	7 GDP and CPI	Quiz3 Chapters 6,7
8	NO CLASS – FALL BREAK	
15	MIDTERM EXAM IN CLASS – CHAPTERS 2-7	
22	8 Unemployment and Inflation	
29	9 Long Run Economic Growth	Quiz4 Chapters 8,9
Nov 5	10 Savings, Investment Spending, and the Financial System 11 Income and Expenditure	Quiz5 Chapters 10,11
12	12 Aggregate Supply and Demand 13 Fiscal Policy	Quiz6 Chapters 12,13
19	14 Money, Banking, and the Fed. Res. Sys. 15 Monetary Policy	Quiz7 Chapters 14,15
26	NO CLASS – THANKSGIVING BREAK	
Dec 3	FINAL EXAM IN CLASS – CHAPTERS 8-15	
10	FINALS WEEK – NO CLASS - Semester grades will be posted on LoboWeb by 11:59 p.m. December 13.	

TO PRINT THIS SYLLABUS, VIEW LECTURE NOTES, AND TAKE QUIZZES, you must log onto URL: learn.unm.edu and enter your netID and Password. Click on your Econ course. A white menu will appear on the left side of your screen, so click on "Course Information" and then choose syllabus in the center of the screen. You can choose to print the SYLLABUS or any file in the Course Information window including lecture notes. For help or instructions on how to take a quiz or view your quiz grades, read the information provided at the following URL: <http://online.unm.edu/help/learn/students/>.

MACROECONOMICS CHAPTER TOPICS

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

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.

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.

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.

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.

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

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

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.

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

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

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.

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

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.

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

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.

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.

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.

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