ECO100 INTRODUCTION TO ECONOMICS

I. CATALOGUE DESCRIPTION

Prerequisite: none
3 semester hours credit

Introduction to Economics is a survey course that covers both macroeconomics and microeconomics. Introduction to Economics may be used as partial fulfillment for the social and behavioral science requirements. Students seeking a bachelor's degree in business should take Macroeconomics and Microeconomics. (F,S,Su)

II. COURSE GENERAL OBJECTIVES

It is the goal of this course to equip students with the necessary vocabulary, concepts and reasoning ability to think critically about the economic forces that effect the economy and society as a whole. Students should also be able to recognize how these forces (interest rates, the business cycle, etc.) effect their own lives.

Upon completion of this course, the student will be able to:

A. Create an awareness of society's economic problems, the theories designed to analyze these problems and the alternative policies to deal with these problems.

B. Enlarge the students' ability to reason analytically and objectively concerning economics issues.

C. Instill in the students an interest and appreciation for the discipline of economics.

D. Integrate information read in the textbooks and heard in class discussion with information read and heard in current news media.

III. COURSE OUTLINE

A. Graphs and Calculations
   1. Direct Relationships
   2. Inverse Relationships
   3. Percentage Change and the Rule of 70

B. Resources and Scarcity
   1. Scarcity - production possibilities
   2. Opportunity Costs
3. Economic Efficiency: full employment versus unemployment
4. Economic Growth and Economic Decline

C. Supply and Demand
1. The law of Demand: Should Gasoline Taxes be Raised?
2. Shifting the demand curve: finding the new price and quantity.
3. The Law of Supply
4. Shifting the supply curve: finding the new price and quantity.
5. Cartels: The Story of Recent Oil Prices

D. The Mixed Economy
1. Traditional Economies and the three fundamental economic questions
2. Specialization and the Costs of Production
3. Market Economies and the three fundamental economic questions
4. Command Economies and the three fundamental economic questions
5. Mixed Economies
6. Failure of the Market System and the Increasing Role of Government

E. Market Structures
1. Perfect Competition
2. Monopoly and Barriers to Entry
3. Monopolistic Competition
4. Oligopoly
5. Antitrust
6. The Distribution of Income

F. Market Failures and the Rise of Government
1. Public Goods
2. Monopoly Power
7. Externalities
8. Distribution of Income
9. An Unstable Macro Economy

1. Recessions and Expansions
2. Gross Domestic Product and adjusting for inflation
3. Shortcomings of the GDP statistic
4. Unemployment and Changes in the Average Price Level
5. A review of the recessions, depressions, inflationary periods, financial turbulence, economic growth, and government economic policy in the 1920s and 1930s
6. Fiscal Policy and Preventing Depressions: the U.S. economy in the 1940s
7. Automatic Stabilizers: the U.S. economy in the 1950s
10. Causes of the Business Cycle
11. Inflation and Deflation: its behavior since 1850: measuring it, and its effects

H. Economic Growth and Productivity
   1. The Industrial Revolutions
   2. Reasons for Economic Growth
   3. The Future of Capitalism
   4. Economic Growth in Less Developed Countries

I. Money, Banking and Monetary Policy
   1. The Money Supply
   2. Bank Panics and the creation of the Federal Reserve
   3. Making the banking system safe
   4. The functions of the Federal Reserve System
   5. Countercyclical Monetary Policy
   6. How effective is the Fed?
   7. A Short History of American Banking

J. International Trade and Finance
   1. Why nations trade: comparative advantage
   2. Absolute and Comparative advantage
   3. The case for and against free trade
   4. International Trade Policy
   5. Reasons for the high U.S. trade deficits
   6. Fixed exchange rates vs. Managed floating exchange rates
   7. A strong dollar versus a weak dollar
   8. Why do exchange rates fluctuate?

IV. UNIT OBJECTIVES

   A. Graphs and Calculations
      1. Recognize a direct relationship as plotted on a graph between two variables (such as income and consumption).
      2. Recognize an inverse relationship as plotted on a graph between two variables (such as the rate of inflation and unemployment).
      3. Calculate the percentage change for data such as GDP in two
consecutive years.

4. Calculate the time it takes for a variable to double (such as the amount of money in a bank account) using the Rule of 70.

B. Resources and Scarcity

1. Demonstrate how the production possibilities model illustrates the concept of scarcity.
2. Explain the concept of opportunity cost.
3. Illustrate how the production possibilities curve demonstrates the concept of full employment and economic inefficiency.
4. List and explain the causes of economic growth and economic decline.

C. Supply and Demand

1. Define the Law of Demand and explain how changes in price affect the behavior of buyers.
2. List the forces (taste, income, etc.) that shift the entire demand curve and be able to determine what happens to the price and quantity of the good being sold.
3. Define the Law of Supply and explain how changes in price affect the behavior of sellers.
4. List the forces (technology, changes in the costs of inputs, etc.) that shift the entire supply curve and be able to determine what happens to the price and quantity of the good being sold.
5. Demonstrate using graphs how and why the price of oil has recently fluctuated.

D. The Mixed Economy

1. Describe how a traditional economy answers the three fundamental economic questions.
2. Explain how the evolution from a world where workers were self-sufficient to a world where workers became specialized led to development of modern economies.
3. Describe how a market economy answers the three fundamental economic questions.
4. Describe how a command economy answers the three fundamental economic questions.
5. Explain why the United States economy is considered a mixed economy.
6. List eight market failures and explain how each of these market failures led to a greater role for government in the economy.
E. Market Structures
1. Describe the characteristics of a perfectly competitive firm.
2. Describe the characteristics of a monopoly firm.
3. List three barriers to entry into a market and explain how these market barriers create monopoly power.
4. Describe the characteristics of a monopolistically competitive firm.
5. Explain how an imperfectly competitive firm goes about differentiating its products.
6. Describe the characteristics of an oligopoly firm.
7. Briefly explain why the U.S. government found it necessary to pass anti-trust legislation in the early 20th century.
8. Compare and contrast the present U.S. distribution of income with other countries and with income distribution in the past 120 years in the U.S.

F. Market Failures
1. Describe the way a survival-of-the-fittest capitalism guides resources.
2. List ten market failures and explain how these market failures led to a greater role of government in the economy.
3. Define and give an example of a public good. Explain how the exclusion principle distinguishes public goods from private goods.
4. Explain how monopoly power is regarded by economists as inefficient.
5. Distinguish between an external cost and an external benefit. Give examples of each.
6. Describe how market instability is an example of a market failure.

1. Distinguish between the recession phase of the business cycle and the expansion phase of the business cycle.
2. Define the Gross Domestic Product statistic and explain how economists use it as a tool of analysis.
3. Calculate how to adjust GDP for inflation.
4. Cite the distortions and limitations of the GDP statistic.
5. Define the concept of full employment and cite the distortions and limitations of the unemployment statistic.
7. Describe the most important economic events in the U.S. economy from the 1920s to the present.
8. Distinguish between a recession and a depression.
9. Compare and contrast the role of government in the U.S. economy in the 1920s, 1930s, 1940s, 1960s and 1980s.
10. Compare and contrast the banking system in the U.S. economy in the 1920s, 1930s, 1980s and 1990s.
11. Compare and contrast discretionary fiscal policy with automatic stabilizers.
12. Distinguish between a budget deficit, a budget surplus and the national debt.
13. Explain the advantages and disadvantages of deficit spending.
15. Compare and contrast the Classical School view of the business cycle with the view of John Maynard Keynes.
16. Describe the changes in the average price level (inflation and deflation) in the U.S. economy since 1850.

H. Economic Growth and Productivity
1. Describe the economies of the world before and after the Industrial Revolution.
2. List and explain the reasons for economic growth in the United States since 1900.
3. Describe the relationship between savings, investment and economic growth.
4. Describe how the labor force affects productivity.
5. List and explain the reasons for the U.S. productivity slowdown from 1973 to the early 1990s.
6. List and explain the reasons for the revival of U.S. productivity in the 1990s.

I. Money, Banking and Monetary Policy
1. Define money and what is considered the basic money supply in the U.S.
2. Describe the series of crises in the banking system that led to the formation of the Federal Reserve System (Fed).
3. List the steps the U.S. federal government took to make the banking system safer.
4. List and explain the functions of the Federal Reserve.
5. Explain how monetary policy as carried out by the Fed can be used to counter the business cycle.
6. Briefly describe some of the Fed’s successful and unsuccessful attempts at monetary policy.

J. International Trade and Finance
1. Explain how the principle of comparative advantage can make international trade advantageous for both nations.
2. Compare and contrast the case for a free trade policy versus the
case against a free trade policy.
3. Describe the various forms of unfair trade practices.
4. Describe the changes in U.S. trade policy throughout the 20th century.
5. List and explain the causes of the U.S. trade deficits since 1975.
6. Define the foreign exchange market.
7. Compare and contrast a fixed exchange rate system versus a flexible exchange rate system.
8. Describe the effects of a “strong dollar” versus a “weak dollar” on a country’s economy.
9. List four determinants of the rise and fall of exchange rates between countries.

V. METHOD(S) OF INSTRUCTION

A. Lecture/Class Discussion
B. Class Discussion: The News and Economic Principles
C. Handouts
D. Use of data (GDP Statistics, Trade Deficits Over Time, etc.)
E. Videotapes

VI. REQUIRED TEXTBOOK(S) (WITH PUBLICATION)


VII. REQUIRED MATERIALS (STUDENTS)

Textbook
Course Lecture/Study Guide (Prepared By the Instructor)

VIII. METHOD(S) OF EVALUATION (STUDENT)

A. Exams: Multiple Choice and Essay
B. Quizzes: Multiple Choice; Fill-in-the-blank; Vocabulary
C. Take Home Exams: (materials from the news and the textbook); fill-in the blank; short essay.

D. Homework