Instructor: Terry Hagen

Office Hours: 10:00-10:50am MWF, 9:00-9:30am TR, Gamble Hall, Room 286-A (290) Phone: 777-3350 (Call or drop in the office anytime!) E-mail, tlhagen@hotmail.com

Prerequisites: Econ 201, with exceptions for political science majors.


Course Description: Determinants of national income, national income accounting, unemployment, inflation and economic growth. Classical, Keynesian and more recent theories are explored with an eye toward how they affect monetary and fiscal policy.

Course Goals: To give the student an understanding of the theories of the economy as a whole, and how government policy affects their decision making by changes in monetary and fiscal policy. To give the student a better understanding of how the federal reserve and its policies have an affect on overall economic activity.

Desired Learner Outcomes: Upon completion of this course, the students should be able to:

1. Understand macroeconomic theory, relating to economic growth, price stability and unemployment.
2. Develop an understanding of how our aggregate economy's performance is measured.
3. Be able to identify and evaluate different stabilization policies that might be used to manage the economy.
4. Be able to utilize knowledge and information to improve your economic performance.
5. Develop an awareness of the global economy.

Course Requirements: The student is responsible to read and study the material before class. This will be an interactive class setting and the student who is prepared will learn much more than those that are not.
Class Policies: Class attendance is not mandatory but is important to the understanding of the material. Those that attend regularly and take good notes will get the best results in the final grade. It is hoped that you will participate in class discussions, it will enrich your knowledge for the test.

Course Content and Schedule:

Week One - Chapters 1-3: Economic Reasoning
Week Two - Chapters 4 & 5: Supply and Demand
Week Three - Chapter 6 & 8: Economic Growth
Week Four - Chapter 8: Economic Growth
Week Five - Chapter 15: Social Security.

*************** Test #1, Chapters 1–6, February 7 ***********
Week Six - Chapter 7: Income Accounting
Week Seven - Chapter 9: AD/AS Model
Week Eight - Chapter 10: Multiplier
Week Nine - Chapter 10: Multiplier

*************** Test #2, Chapters 7-9,15 February 28 ***********
Week Ten - Chapter 11: Money and banking
Week Eleven - Chapter 11: Money and Banking
Week Twelve - Chapter 12: Monetary Policy
Week Thirteen - Chapter 12: Monetary Policy

*************** Test #3, Chapters 10-12, April 17 ***********
Week Fourteen - Chapter 15: Deficits and Debt
Remaining Classes - Policy and Review

*************** Final Test, Tuesday, May 6, 5:30pm *****
Place TBA
GH RM 1?

BRING UND ID TO EVERY TEST !!!!!!!!!!!!!!
Make-up Tests
There will be make up tests available if you must miss a regularly scheduled test. The make up tests are slightly more difficult than the regularly scheduled tests, so do all you can to take the test at the regularly scheduled time. Please let me know ahead of time, if possible, should you need to miss a test. We will need to schedule your make-up time. The make-up tests must be signed in and signed out with the secretary or I will not accept them.

Grading Policy
A maximum of 500 points can be earned in this class. There will be three class tests and a final. Each Class test is worth 2 points per question and the final test will be 150 points. There will be an occasional extra credit assignment given during class, but you must be present (in class) to receive the points. (No Exceptions!) The extra credit points are meant to reward those who are in class but not to punish those who miss class.

There will also be 70 points worth of daily work. I reserve the right to assign this daily work at any time. The daily work will be assigned through Aplia. You will be required to have the aplia homework done by the due date listed on the website. There is a $35.00 fee for aplia but I went with used textbooks, which are cheaper, in order to make up for the cost.

Grading will be based on: 90-100% - A, 80-89% - B, 70-79% - C, 60-69% - D, and below 60% will receive a failing grade.

Total Points:
- Test #1 - 80 points
- Test #2 - 100 points
- Test #3 - 100 points
- Final - 150 points
- Daily - 70 points
- Total - 500 points

Test Format:
The typical test format will be multiple choice. The first 1 hour test will be 40 questions long and the next two will be 50 questions. The final will have 75 questions. We will try to have a test review session before the final test, location and time TBA.

Cheating:
Cheating will not be tolerated in this class and will be handled in an appropriate manner.
1. If you need accommodations in this course because of a disability, if you have emergency medical information to share with me, or if you need special arrangements in case the building must be evacuated, please make an appointment with me as soon as possible. If you plan to request disability accommodations, you are expected to register with the Disability Support services (DSS) office (Room 190 McCannell Hall, 777-3425).

2. Late enrollment in a business administration course will normally be permitted only if the course has not completed the equivalent of one full week of meetings (3 meetings for MWF classes, 2 meetings for TR classes, one meeting for once per week classes). Late enrollment, and enrollment in a closed class, requires approval of the department offering the class.

3. Courses in which grades of “C” or better are earned may be repeated upon written approval of the department concerned and the dean of the college offering the course and the student’s academic adviser. Without this approval, both grades will be recorded on the student’s permanent record, with the last grade being marked as duplication and not being counted in the student’s GPA. The petition for a repeat of grade must be done by the end of the first week of class, or it is unlikely that the petition will be approved.
For the following two problems; Plot the curves, Indicate whether the curves exhibit increasing marginal opportunity costs or not and show both an increase in general technological advances and an increase in technology in only one of the goods.

1. Given the following data, plot a production possibilities curve for Chevy Suburbans and Kias.

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<thead>
<tr>
<th>Suburbans</th>
<th>Kias</th>
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<td>8</td>
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2. Given the following data, plot the production possibilities curve for Snowblowers and shovels.

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<tr>
<th>Shovels</th>
<th>Snowblowers</th>
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<tbody>
<tr>
<td>10</td>
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<td>8</td>
<td>1.5</td>
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Assignment #2  
Economics 202  
(10 points)

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a. For the above prices and quantities: Which are the demand quantities and which are the supply quantities?

b. Graph demand and supply on one graph. (Plot the points)

c. What is the equilibrium price and quantity?

d. What would a price ceiling set at $35 do to this market?

e. What would a price ceiling set at $15 do to this market?

f. What would a price floor set at $40 do to this market?

g. Increase demand 100% and answer questions a. through f. again.

*** Please answer on a separate sheet of paper. I would appreciate this assignment done on a word processor and/or on excel, it makes it much easier to read, although it is not required that you do this on excel. If you do this on Excel, you will need to turn the axis around so that the price is on the vertical and the quantities are on the horizontal.
Econ 202 - Assignment 3 - 10 points

A. Fill in the blanks.

1. Unemployment rate =______, if the laborforce is 155 million and unemployment is 21 million.

2. Laborforce =______, if the unemployment rate is 4.7% and the number unemployed is 7.1 million.

3. Unemployed =______, if the laborforce is 193 million and the unemployment rate is 6.3%.

4. Explain potential output.

5. Explain Capacity Utilization.

6. Using Okun's rule of thumb, a .8% increase in unemployment will decrease the economy's income by what percentage?

7. Using the information in question 6, if output is 11.0 trillion before the change in unemployment, what will it be after the change in unemployment.

8. If nominal output is 10.7 trillion this year and the inflation index is 127, what is the real output?

9. From question 8, if the base year output was 9.3 trillion, are we better off in production of goods and services now than the base year?

10. Show me a graph of cost-push inflation and explain.

***** Please do this on separate sheets of paper. Do not write on both sides of your paper. Keyboard if possible. Staple your pages together and don't leave those frizzy sides on your paper from your notebook. Invest in neater paper. Your in college now, so make your work look presentable and worthy of college level work.
1. In the AS/AD model, show what the short-run and long-run effects would be of a dramatic increase in income around the world. This income increase translates into much greater spending on goods and services in the United States.
2. What is considered to be the long-run equilibrium situation in AS/AD?
3. If there was a trend towards an increasing percentage of 1 parent staying home with their children until they reach school age, what would be the affect on AS/AD?
1. If AE=2500+.75(Y), what is the equilibrium income level? Using the previous equation, how much would government have to spend to get equilibrium level back to 14000 (assuming 14000 is potential output)? What is the original situation called?

2. Show the Keynesian cross model in an inflationary biased mode. In question #1, government would have to spend how much to overshoot and put the economy into an inflationary biased mode of 7000 over potential output?

3. If deposits equal $10 billion and RR=$750 million, what is rr? What is the deposit multiplier? What could happen to the total deposits in the banking system if $200 million in excess reserves were lent out? Assume the simple money multiplier. Now for the final question, how would the above question change if we add cash holdings of 15%? In other words, how does the multiplier change and what is the change in deposits?