

Principles of Economics

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Introduction

This Principles of Economics course is designed to get prospective SAIS students up to speed with the basics of microeconomic and macroeconomic theory that underpin the main economics courses you will take at SAIS: Intermediate Microeconomics, Intermediate Macroeconomics, International Trade, and International Monetary. The goal is to provide students with the core knowledge needed in these as well as more advanced economic courses at SAIS. It's also the same knowledge needed to fully appreciate economically oriented news outlets like The Financial Times, The Economist, and The Wall Street Journal.

Think of this as a course in economic literacy.

Objectives

By the end of the course, you should be able to:

- Conduct basic supply-and demand analyses;
- Perform policy analysis by measuring social welfare;
- Explain firms' production decisions as well as consumers' purchasing decisions;
- Define key terms used in both micro- and macro-economics;
- Illustrate the determinants of economic growth; and
- Perform macroeconomic analyses of policymaking in open economies.

Course Structure

The course is broken into ten modules, each of which covers an integrated set of topics corresponding with one or several chapters from the textbook. Each of these modules will be open for one week, during which the students can watch the recorded lectures, engage in discussions, do practice problems, and ultimately complete the final assessment quiz for the week. There will also be a conventional midterm and final.

Each module will open at 6:00 am on **Monday** morning. When the module opens, you will have access to all the lectures as well as the practice problems (and answers), as well as the discussion question for the week. In order to make sure the discussion boards work, we need everyone to post their first comment on the boards before the end of **Friday**. All required work in each module must be completed before the next module opens and is due at **5:59 am on the second Monday** of the module.

Overall, the class should take up roughly 6-10 hours per week. 6 hours is about the minimum time required to complete the lectures, post a discussion response, and take the quiz. 10 hours should provide more than enough time to also read the optional texts, answer practice questions, and engage with me.

The primary input for the course comes in the form of recorded lessons for each module. These lessons will take a variety of forms but will not exceed about 90 minutes of lecture per week. Each module also comes with a set of practice problems and answers for you to test your knowledge with a net before the module quiz. Doing the practice problems is often essential: they act as a crucial second run-through of the material from the lectures – in a more hands-on mode.

All of the knowledge required for the quizzes and final exam will be contained in the recorded lessons. However, because these lessons are brief and to the point, the course textbook is required for purchase/rent. It is:

N. Gregory Mankiw (NGM), Principles of Economics, Wouth-Western

NB: You can use the 5th-7th editions of the textbook, which are not substantially different. The international edition is also fine. The syllabus refers to chapters rather than page numbers to prevent any confusion across editions.

Course Assessments

Note: All course times are U.S. Eastern/Daylight (Washington, DC) time.

Achievement of the course objectives will be assessed in the following ways:

Assignment	% of Grade	Due Date
Quizzes	20%	Weekly
Discussions	20%	Weekly
Midterm Exam	30%	7/12/18
Final Exam	30%	8/13/18

Weekly Quizzes: Each module comes with a 15-question test that you must take before the module closes at the end of the week. The questions are a mix of multiple choice and closed-answer responses (i.e., not essays). These tests will account for 20% of your final grade. *Note: you can see your score for a quiz immediately upon completing it. The full results, including all correct and incorrect answers become available after the close of a module. Click on the quiz score in the My Grades tool to review that info.*

Weekly Discussions: Students will be divided into small discussion groups at the start of the course. Each week, I will post a discussion question dealing with some of the more interesting real-world issues raised by the module. Everyone should be prepared to post some thoughts in response to the question. This is a minimum of:

- One two-to-three paragraph post directly responding to the prompt for the week, due by Fridays at 11:59pm.
- A substantive, one-paragraph response to at least one other student, addressing the issues they raised, due by the close of the module each Monday at 5:59am

I will be participating myself to ensure everyone is actively (and sensibly) participating. Glib and/or silly contributions are totally welcome in addition to the two required responses (but will not count toward your participation grade!). This activity will account for 20% of the final grade.

Midterm Exam: After module 5, there will be a midterm exam covering all of the concepts covered in the microeconomics section of the course. This is worth 30% of your final grade and will include a mix of multiple choice, multiple answer, and short essay questions. This exam will be available for the duration of week 6 of the course but you will have only 90 minutes to complete it once you begin.

Final Exam: After module 10, there will be a non-cumulative final exam covering all of the concepts covered in the macroeconomics section of the course. This is worth the

final 30% of your final grade. The exam will be available for the duration of week 12 of the course but you will have only 90 minutes to complete it once you begin.

Grading and Academic Honesty

Grading is on the SAIS scale and will be curved based on the course average. In practice, the top third (or so) of students earn A and A- grades. This means that individual assignments will receive numerical scores and their general position vis a vis the class – not an explicit letter grade.

Enrollment at SAIS obligates each student to conduct all activities in accordance with the rules and spirit of the school's Honor Code located in The Red Book: SAIS Student and Academic Handbook. The Honor Code governs student conduct at SAIS. It covers all activities in which students present information as their own, including written papers, examinations, oral presentations and materials submitted to potential employers or other educational institutions. It requires that students be truthful and exercise integrity and honesty in their dealings with others, both inside SAIS and in the larger community.

While the Honor code goes well beyond plagiarism, it is important that each student understand what is and is not plagiarism. Plagiarism will definitely result in failure of the paper or exam and may result in failing the course depending on the judgment of the professor.

Technical Requirements

You must have reliable and easily accessible high speed Internet service in order to complete course work successfully.

Supported Web Browsers:

Google Chrome 6 or later (recommended)

Firefox 3.5 or later

Internet Explorer Edge

Safari (Mac OSX 10.2 or later)

* For mobile devices, we recommend the [Puffin](#) web browser app, available in the app store.

Contact

Although the course is primarily online, I will be available for office hours on a regular basis. During office hours, I will be available for Skype calls and for more immediate (i.e., chat) responses to your questions; however, I will always be reachable via email for questions as they come up – just as with a normal class experience. The only little difference is that... I live in the Netherlands! So I'm on Central European Time (6 hours ahead of Eastern). This means it will always be easier to catch me early in your day – assuming you're in DC yourself.

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Course Outline

Part 1: Microeconomics			
	Topic and Objectives	Activities	Assignments
Module 1	Supply, Demand, and Elasticity By the end of this module, you should be able to <ul style="list-style-type: none"> Explain what supply and demand curves represent Show equilibrium outcomes Discuss how governments influence those outcomes Explain how the concept of "elasticity" fits into the analysis of both supply and demand 	<ul style="list-style-type: none"> Watch Lessons Suggested Reading <ul style="list-style-type: none"> NGM chapters 5-6 Introduce yourself in the Discussions area Participate in the weekly discussion assignment 	<ul style="list-style-type: none"> Post initial discussion post Post follow-up discussion post Complete Quiz
Module 2	Social Welfare By the end of this module, you should be able to <ul style="list-style-type: none"> Define social welfare (as seen through a microeconomic lens) Use the social welfare concept to quantitatively assess the impact of government policy. 	<ul style="list-style-type: none"> Watch Lessons Suggested Reading <ul style="list-style-type: none"> NGM chapters 3, 7-9 Participate in the weekly discussion assignment 	<ul style="list-style-type: none"> Post initial discussion post Post follow-up discussion post Complete Quiz
Module 3	Consumer Behavior By the end of this module, you should be able to <ul style="list-style-type: none"> Explain why consumers buy the products they buy through the concepts of preferences and constrained optimization Distinguish between people as consumers and people as a factor of production. 	<ul style="list-style-type: none"> Watch Lessons Suggested Reading <ul style="list-style-type: none"> NGM chapters 18-21 Participate in the weekly discussion assignment <p><i>NB: Chapter 18 is more relevant to the course but the other two chapters are quite interesting</i></p>	<ul style="list-style-type: none"> Post initial discussion post Post follow-up discussion post Complete Quiz
Module 4	Firm Behavior By the end of this module, you should be able to <ul style="list-style-type: none"> Identify different types of costs Explain why firms produce what they produce Identify these choices in a perfectly competitive framework. 	<ul style="list-style-type: none"> Watch Lessons Suggested Reading <ul style="list-style-type: none"> NGM chapters 13, 14 Participate in the weekly discussion assignment 	<ul style="list-style-type: none"> Post initial discussion post Post follow-up discussion post Complete Quiz
Module 5	Different Market Structures By the end of this module, you should be able to <ul style="list-style-type: none"> Contrast perfect competition with other key types of market structure, including monopoly, oligopoly, and monopolistic competition 	<ul style="list-style-type: none"> Watch Lessons Suggested Reading <ul style="list-style-type: none"> NGM chapters 15-17 Participate in the weekly discussion assignment 	<ul style="list-style-type: none"> Post initial discussion post Post follow-up discussion post Complete Quiz

Midterm Exam
6/25/18 - 7/2/18

Part 2: Macroeconomics

Module 6	<p>Key Macroeconomic Concepts, Part 1</p> <p>By the end of this module, you should be able to</p> <ul style="list-style-type: none"> • Explain why the most important variables in macroeconomics are so important • Discuss how they are determined 	<ul style="list-style-type: none"> • Watch Lessons • Suggested Reading <ul style="list-style-type: none"> • NGM chapters 23, 24, 28, and 30 • Participate in the weekly discussion assignment 	<ul style="list-style-type: none"> • Post initial discussion post • Post follow-up discussion post • Complete Quiz
Module 7	<p>Key Macroeconomic Concepts, Part 2</p> <p>By the end of this module, you should be able to</p> <ul style="list-style-type: none"> • Explain why the most important variables in macroeconomics are so important • Discuss how they are determined 	<ul style="list-style-type: none"> • Watch Lessons • Suggested Reading <ul style="list-style-type: none"> • NGM chapters 26, 29, and 31 • Participate in the weekly discussion assignment 	<ul style="list-style-type: none"> • Post initial discussion post • Post follow-up discussion post • Complete Quiz
Module 8	<p>Finance and Open Economy Macroeconomics</p> <p>By the end of this module, you should be able to</p> <ul style="list-style-type: none"> • Explain how capital flows across borders • Describe the relationship between capital flows and trade 	<ul style="list-style-type: none"> • Watch Lessons • Suggested Reading <ul style="list-style-type: none"> • NGM chapters 27, 32, and 33 • Participate in the weekly discussion assignment <p><i>NB: The material from chapter 33 is also important for the next week's coverage of growth</i></p>	<ul style="list-style-type: none"> • Post initial discussion post • Post follow-up discussion post • Complete Quiz
Module 9	<p>Short-Run Fluctuations vs. Long-Run Growth</p> <p>By the end of this module, you should be able to</p> <ul style="list-style-type: none"> • Distinguish between the short and the long-term in economics • Assessing how countries grow over the long run, and • Describe how that may differ from what can be accomplished in the short run 	<ul style="list-style-type: none"> • Watch Lessons • Suggested Reading <ul style="list-style-type: none"> • NGM chapters 25, 33 • Participate in the weekly discussion assignment 	<ul style="list-style-type: none"> • Post initial discussion post • Post follow-up discussion post • Complete Quiz
Module 10	<p>Policy Debates</p> <p>By the end of this module, you should be able to</p> <ul style="list-style-type: none"> • Make educated guesses at the consequences of government policy • Forming opinions on the great macroeconomic debates of our time 	<ul style="list-style-type: none"> • Watch Lessons • Suggested Reading <ul style="list-style-type: none"> • NGM chapters 34-36 • Participate in the weekly discussion assignment 	<ul style="list-style-type: none"> • Post initial discussion post • Post follow-up discussion post • Complete Quiz

Final Exam