

St. John's University
The Lesley H. and William L.
Collins College of Professional Studies
Division of Administration and Economics

Principles of Economics I
ECO-1001-72298
Fall 2021
W: 5 -7:50 pm
This class is fully-online synchronously

INSTRUCTOR

Instructor: Cameron M. Weber, Ph.D.
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cameron_weber@hotmail.com
website: cameroneconomics.com (syllabus and other course materials under the
“teaching” page)
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IMPORTANT DATES

First day of class: September 1, 2021
Last day to add/drop class: Sept. 8
Homework Essay #1 due: Sept. 15
Last day to drop class without transcript notation: Sept. 17
Homework Essay #2 due: Sept. 29
Midterm exam: October 6
Group presentation assignments finalized: Oct. 20
Quiz on supply and demand: Oct. 27
Last day to withdraw or apply for pass/fail: November 8
Group Presentations: December 1
Final exam week: Dec. 13-18

COURSE DESCRIPTION

Introduction to the fundamentals of the economic system. The “macroeconomic” approach to employment, prices and economic stability.

COURSE PREREQUISITE

None

LEARNING OUTCOMES

Upon completion of the course, students will be able to:

1. Develop the logic of “economic thinking” through the study of economic principles.
2. Describe scarce economic goods, public and collective goods and externalities.
3. Understand the various ways to approach economic macroeconomic policy-making, and, the unresolved debates around policy approaches.
4. Relate macroeconomic stability policy-making to the business cycle and the measurement of economic variables and aggregates.
5. Apply economic understanding, from a variety of economic schools of thought, to better comprehend current events in order to reach independent, well-considered judgments on important public policy issues.

REQUIRED MATERIALS

Main text (Suggested, not mandatory)

N. Gregory Mankiw, *Principles of Macroeconomics*, South-Western (Any edition; the chapters listed below are from the 6th edition, which covers more public choice economics than does subsequent editions). As long as a student understands the teaching modules and other materials, there is no need for the textbook, which can serve as a reference as needed. The Mankiw 6th Edition is on-reserve at the university library.

Students should stay current on topical events in the economy by reading the *Economist* magazine, the *New York Times*, the *Wall Street Journal*, the *Financial Times* and/or a trade journal specific to a special area of interest. Discussing current events will allow us to more fully understand and apply the learning material.

Students should familiarize themselves with all the material on the instructor’s website ‘teaching’ page related to this course, and with the instructor’s “Cameron’s Teaching Modules” youtube channel.

GRADING POLICY

METHODS OF INSTRUCTION

- Lectures and related readings
- Discussion of current events
- Exams and review of exams in class
- Group research and presentation
- Homework writing assignments

STUDENT PERFORMANCE EVALUATION:

Attendance and Participation	15%
Homework writing assignments	15%
Midterm Exam	15%
Quiz	15%
Group Research and Presentations	15%
Final Exam	<u>25%</u>
	100%

The course meets synchronously three hours per week for 14 weeks. Class preparation and readings outside of class will require at least two hours of study for each hour of class time.

ASSESSMENTS

Students may be assessed by several questions during the Final Exam which are given to all students taking the various sections of the same course with the Collins College of Professional Studies.

GRADING PROTOCOL

Class attendance and participation: 15%

For the class participation grade students are encouraged to discuss issues based on the subject matter for each class period, topics on economics relating to current events and to ask clarification or add to material as discussed and presented in class (there are no irrelevant questions or comments). It is preferred that students ask clarifying questions during class, both on course subject matter as presented and course grading procedures so that other students can benefit from discussions / clarifications on general course content.

All discussions initiated by students will add to a student's grade for class participation. To get an "A" for this portion of the grading protocol a student must participate in class discussion and have consistent class attendance. We prefer discussion on content over procedure. Most procedural items are in this syllabus for that reason.

Exams: 40%

There are two exams for the class, a midterm and a final. The midterm exam counts for 15% of the class grade, the final exam for 25% and is cumulative. Exam questions will be drawn from material discussed in class, so students are encouraged to ask questions (again part of class participation) if you would like more clarification on, or to debate, a concept as it is presented in class.

Each exam will be true/false and multiple choice questions. The final exam will be 40 questions, and the midterm will be 25 questions. The final exam may contain 10 assessment questions from CPS as part of the college's accreditation process and 30 questions from the instructor, depending on the cycle of the accreditation process.

Quiz: 15%

There is one quiz based on the "law of supply and demand." Students will draw and explain supply and demand graphs representing differing economic scenarios as discussed in class and as listed in this syllabus.

Writing Assignments: 15%

There are two writing assignments for this class. Students should familiarize themselves with the Foundation for Economic Education (fee.org) and their posts ("stories") about current and historic events from an economic perspective. You can also subscribe to the FEE daily email for posts, highly recommended as also serves as a timely and relevant news consolidator. For each of the two homework essays students should choose one FEE story to write a paragraph or two about.

Each essay should be about 200 words (the homework should include a word count) and should address, 1) why did you choose this story to write about? and 2) what did you learn and how does this apply to economics? If the essay is on-time, one or two paragraphs about 200 words in length total, and you address 1) and 2) then you will receive full credit for each assignment. *You will send the HWs to my hotmail account, entering "CPS 1001" in the subject line of the email.*

Group Research and Presentations: 15%

Student groups will present their group's consensus opinion on one of the propositions in Mankiw's list of "Economists Agree" available on the instructor's website and contained in the textbook on reserve at the library.

The instructor will make individual group assignments by the date listed in this syllabus and these will be posted on the instructor's website "teaching" page under our class.

First the group should describe the economic proposition in which economists agree, using both material discussed in class and other sources, then should explain why or why not the group agrees with the majority of economists. It is acceptable for groups to not come to a consensus on the proposition as long as this is explained in the presentation as to what economic concepts group members disagree over. Groups should use and reference at least two sources in their research and presentation, one of these sources can be class discussion based on the topic.

Groups have 10 minutes to present their "economists agree" proposition findings, with a group-led 5-minute question-and-answer session after each presentation. One-half of the group grades will be from student peer-reviews and one-half from the instructor. Students will send an email to the instructor listing their grade in points as listed for groups not their own in the below Grading Policy by the end of April 29. Peer review contributes towards the student participation grade. *Peer reviews will be sent to the instructor's hotmail address with "CPS 1001" as the subject line.*

Grading Policy:

"A": 91-100% of possible points for the semester, "A-": 90 points, "B+": 89 points, "B": 81-88 points, "B-": 80 points, "C+": 79 points, "C": 71-78 points, "C-": 70 points, "D" 60-69 points. Everything below 60 points is an "F".

Note that this grading policy pertains to both the group peer reviews and the course grade.

Class Rules:

There are no make-up exams or homework assignments, and there is no extra-credit opportunities. Missed deadlines due to documented medical or other emergencies mean that we re-weight the grading schedule to account for missed work. Students must submit documentation for missed deadlines to the instructor via email as soon as possible before or after a missed class deadline, failure to do so will mean that the student will lose the points for the missing grade.

ATTENDANCE POLICY

See above on grading protocol.

ACADEMIC INTEGRITY

All St. John's University students are expected to abide by the Academic Honor Pledge:

<https://www.stjohns.edu/student-life/queens-campus-life/office-student-conduct/academic-honor-pledge>

Any cases of academic misconduct will be forwarded to the Dean of College of Professional Studies for further action, which may include a written reprimand, academic probation, suspension, or expulsion from the University. Detailed information about how allegations of academic misconduct are handled can be found by clicking the link above, then referring to the pull-down menu, “Judicial Process for Violations of the Academic Honor Code.”

SERVICES FOR STUDENTS WITH DISABILITIES

Services for students with a documented disability are available through the Office of Disability Services. All documentation is kept confidential and should be submitted directly to the [Office of Disabilities Services](#). Students (not their parents) requesting accommodations should identify their needs as early as possible. All information regarding the student’s accommodations is provided to the student.

The following person has been designated to handle student inquiries regarding the Americans with Disabilities Act and the Amendments Act, the Rehabilitation Act, and related statutes and regulations: **Dorothy Schmitt**, Associate Director of the Counseling Center, Marillac Hall, Room 130, 8000 Utopia Parkway, Queens, NY 11439, schmittd@stjohns.edu; 718-990-1482.

NOTICE OF NON-DISCRIMINATION AND EQUAL OPPORTUNITY

St. John’s University does not discriminate on the basis of race, color, national or ethnic origin, sex (including sexual harassment and sexual violence), sexual orientation, gender identity, disability, religion, age, status in the uniformed services of the United States (including veteran status), marital status, status as a victim of domestic violence, citizenship status, genetic predisposition or carrier status in its programs and activities as required by Title IX of the Educational Amendments of 1972, the Americans with Disabilities Act of 1990 and the Amendments Act, Section 504 of the Rehabilitation Act of 1973, Title VI or Title VII of the Civil Rights Act of 1964, and other applicable statutes and University policies.

The following person has been designated to handle inquiries regarding the non-discrimination policies and to serve as the Title IX coordinator for purposes of overall campus compliance: **Keaton Wong**, Director of Equal Opportunity, Compliance and Title IX, 8000 Utopia Parkway, Queens, NY 11439, wongk1@stjohns.edu; 718-990-2660.

ADDITIONAL INFORMATION

Supplemental Reading Material

Friedrich Hayek (1945). “The Use of Knowledge in Society.”
<http://www.econlib.org/library/Essays/hykKnw1.html>

Anne O. Krueger (1974). "The Political Economy of the Rent-Seeking Society."
<http://cameroneconomics.com/kreuger%201974.pdf>

Additional References

Walter Bagehot (1873). *Lombard Street*. (Available on-line through many sources.)

David T. Beito (2000). *From Mutual Aid to the Welfare State*. Chapel Hill: The University of North Carolina Press.

John F. Cogan (2017). *High Cost of Good Intentions: A History of U.S. Federal Entitlement Programs*. Stanford.

Government Accountability Office (GAO) (2021). Report on Nation's Fiscal Sustainability, available: <https://www.gao.gov/products/gao-21-275sp>

Sriya Iyer (2016). "The New Economics of Religion," *Journal of Economic Literature* 54 (2), available on instructor's website.

John Maynard Keynes (1936). *The General Theory of Employment, Interest and Money*. London: Palgrave Macmillan.

Brink Lindsey & S. M. Teles (2017). *The Captured Economy: How the Powerful Enrich Themselves, Slow Down Growth, and Increase Inequality*. Oxford University Press.

Karl Marx and Frederick Engels (1848). *The Communist Manifesto*, available <http://www.marxists.org/archive/marx/works/1848/communist-manifesto/>.

Carl Menger (1892). "On the Origin of Money."
<http://www.monadnock.net/menger/money.html>

Edmund Phelps (2015). "What is Wrong with the West's Economies?", *New York Review of Books*, August, available through instructor's website.

J. Rothwell (2017). "The Myth of the 1%: What Puts Some People at the Top", *New York Times*, November 24, available through instructor's website

Joseph Schumpeter (1950). *Capitalism, Socialism and Democracy*. (Available on-line through many sources.)

Adam Smith (1759). *The Theory of Moral Sentiments*. (Available on-line through many sources.)

Adam Smith (1776). *The Wealth of Nations*. (Available on-line through many sources.)

Thorstein Veblen ([1899] 2001). *The Theory of the Leisure Class*. New York: Random House Modern Library Edition.

Cameron Weber (2018). "Some Observations on the Structure of the Labor Market after the Great Recession", presentation for the World Economic Association, available on instructor's website 'project' page.

Youtube.com videos as supplementary materials

Charlie Chaplin "Factory Scene", <http://www.youtube.com/watch?v=CYbsBcPDVQM>

Milton Friedman "On Greed", http://www.youtube.com/watch?v=RWsx1X8PV_A

David Friedman, on "Price Theory", <https://www.youtube.com/watch?v=VKG9jPylGAg>

George Selgin "100 Years: Has the Fed Been a Failure?",
<http://www.youtube.com/watch?v=yLynuQebyUM>

Doug French, "Inflation's Winners and Losers"
<http://www.youtube.com/watch?v=Gu9o0Eii0gI>

"Fear the Boom and Bust", <http://www.youtube.com/watch?v=d0nERTFo-Sk>

"Fight of the Century", <http://www.youtube.com/watch?v=GTQnarzmTOc>

"Hayek v Keynes Part 3", <https://www.youtube.com/watch?v=ZYwHCWkOB08>

"Hayek on Keynes' Ignorance of Economics",
<https://www.youtube.com/watch?v=y8l47ilD0II>

"Fiscal Cliff", <http://www.youtube.com/watch?v=eiaYmhQsBHc>

"10 Principles by Standup Economist", <http://www.youtube.com/watch?v=VVp8UGjECT4>

Robert Higgs, "Regime Uncertainty Then and Now"
<http://www.youtube.com/watch?v=f73izHRGI1A>

"Federal Reserve American Dream Explained",
<https://www.youtube.com/watch?v=t1NVPEg1jrQ>

“Fractional Banking and the Federal Reserve System Explained”,
<https://www.youtube.com/watch?v=8Fm5NSeVPog>

Hardfire TV, various,
<https://www.youtube.com/channel/UCYjy5RM1fUDR5mD2cOaPbUA>

Websites as supplemental materials

<http://www.shadowstats.com/>

Mygovcost.org

<https://www.fraserinstitute.org/studies/economic-freedom>

<http://www.economicfreedom.org/>

The *Economist* “Big Mac Index”, <http://www.economist.com/content/big-mac-index>

The *Economist* “Crony Capitalism Index”, <http://www.economist.com/news/international/21599041-countries-where-politically-connected-businessmen-are-most-likely-prosper-planet>

National Bureau for Economic Research, nber.org

TOPICS AND REFERENCES

Introduction: The Keynesian equation for measurement of the economy [$Y=C+I+G+(X-M)$], the burden of government measurement [G/Y], and introduction to the “Keynesian” and “Hayekian” ideal-types in order to understand the debates over economic policy. Also, relatedly economic growth in historical perspective, absolute poverty versus relative poverty, creative destruction versus macro-economic stability, and Sowell’s Rule on the difference between politics and economics.

Lecture, youtube

Teaching Modules: Sowell’s Rule, Keynesian v Hayekian Ideal-Types, Economic Growth and Size of the State in Historical Perspective

Other materials: Fear the Boom and Bust youtube

The following topics will be discussed in the order that they appear here (there may be exceptions based on current events and on how the semester unfolds). The Mankiw textbook chapter(s) cross-referenced to each topic are from the 6th edition, on-reserve for students at the library. All exam and quiz questions will come from material presented in class and from class discussions.

How people make decisions (Praxeology)

1. People face trade-offs

- a. Efficiency versus Equality, positive & negative rights Ch.1, Lecture
- b. Marx, Veblen, Hayek on inequality
- c. Unsustainability of welfare-state Bieto 2000
Youtube
- i. demographic shifts, ii. “fiscal cliff” Rothwell 2017
- iii. “Life-cycle economics” and inequality
- iv. Redistribution and negative/positive rights

Teaching Modules: Efficiency v. Equality, Negative and Positive Rights, Demographic Shifts, Life-Cycle Economics

Other Materials: Fiscal Cliff youtube, GAO 2021, Hardfire TV: Basic Income

2. The cost of something is what you give up to get it

- a. Production Possibility Frontier, opportunity cost, market-process, Ch.2
economic growth and trade-off in G, C versus I Lecture
- b. Opportunity cost, time-preferences and Loanable Funds (LF) Market, Ch.13
i. capital structure and stages of production under natural rate of interest

Teaching Modules: Factors of Production, Production Possibility Frontier One and Two, What is a Bond?, Loanable Funds Market, LF Market & Pay Day Loans

3. Rational people think at the margin

- a. Adam Smith, i. personalized relationships (approbation/sympathy) Smith 1759
- ii. depersonalized relationships (self-interest, “invisible hand”) Ch.1, Smith 1776
Lecture
- iii. decentralization, secession and Brexit vote Chaplin youtube
- iv. specialization of labor, extent of market & econ growth Youtube
- b. Milton Friedman on greed Hardfire TV
- c. From labor theory of value to subjective value in demand, Wundt curve, “marginal revolution”
- c. Marginal Utility, marginal utility of money, Ch.14
and debate over interpersonal comparisons of utility (IPCU)
- d. discussion on “rationality, “greed,” “self-interest”
- e. the Action Axiom
- f. Demand Curve, movements and shifts Ch.4
- g. Supply Curve, movements and shifts
- h. Normal, inferior, luxury, Veblen & experience goods Lecture

Teaching Modules: Adam Smith One and Two, Marginal Revolution & Utility, Interpersonal Comparison of Utilities?, Economic Rationality, Demand and Supply Shifts, Goods Typologies

Other Materials: Charlie Chaplin youtube, Milton Friedman On Greed youtube, Hardfire TV: Why Adam Smith is not a Free-Market Economist

4. People respond to incentives

- a. Tax and subsidy incentives, tax revenues and expenditures Ch. 13, Hardfire TV
- i. introduction to rent-seeking and public choice, US agriculture law, Lecture
“crony capitalism” *Economist* Index
- ii. ‘Bootleggers and Baptists’, faction, special interests
- b. Laffer Curve and taxes Ch.8
- c. discussion on incentives Youtube

Teaching Modules: Taxes and Subsidies, Rent-Seeking Explained, Laffer Curve, Residuals

Other Materials: David Friedman youtube

How people interact (Catallaxy)

5. Trade can make everyone better-off

- a. Comparative Advantage Ch.3
- vb. Supply & Demand, i. Consumer and Producer Surplus, Ch.7
- ii. assumptions under “perfect competition,”
- iii. factors of production and factor mobility,
- iv. emerged price and quantity & disbursed knowledge Hayek 1945
- c. Marginal Productivity Theory of Distribution and the Lecture
creation of value
- d. rent-seeking in trade and the production possibility frontier Krueger 1974

Teaching Modules: Comparative Advantage, S&D Surplus and DWL of Intervention, Marginal Productivity Theory of Productivity, Rent-Seeking & Production Possibility Frontier

Other Materials: Hardfire TV: Why Trade Barriers Harm Everyone

6. Markets are usually a good way to organize economic activity

- a. Deadweight Loss (DWL) of government intervention (tax example) Ch.8
- b. Rent-seeking and transfer of surplus to special interests, Krueger 1974
Economist cronyism index
- c. “Knowledge problem,” “fatal conceit,” prices and social crisis Hayek 1945
- d. Unintended Consequences of government intervention into markets, Lecture
- i. International war on drugs, ii. Rent control, iii. Minimum wage, Ch. 4, Hardfire TV
- iv. Price controls and disaster response, v. solar panels Lecture
- vi. Tuition, healthcare & barriers-to-entry Lindsey & Teles 2017
- e. Factor mobility, price adjustments & knowledge problem Hayek 1945
- f. Regulatory capture theory, WSJ, Lecture
- i. bond ratings, ii. BP Gulf of Mexico, iii. Madoff, iv. VW examples
- g. Affordable Care Act of 2010 as regulatory capture and rent-seeking

Teaching Modules: S&D Surplus and DWL of Intervention, S&D Hemp, S&D Rental Housing, S&D Wage-Labor Market, S&D Solar Panels, S&D Higher Education, S&D Healthcare, Deepwater Horizon Capture, Madoff Capture, Bond Ratings Capture One and Two

Other Materials: Hardfire TV: Disaster Economics

7. Governments can sometimes improve market outcomes

- a. Property rights and investment Ch.1 &12, Frazier Institute
- b. Externalities & spillovers: market failures, public goods Ch.1 & 7
- c. Market vs “command and control,” Coase Theorem Lecture
- d. Economic and paternalist roles for government, “job creation” i.
- e. Bond ratings, risk and (real) returns, Fisher Effects, Ch. 8, Lecture
bond yield curves and risk-premia on the future

Teaching Modules: Intro to “Public Goods”, From Public Goods to Paternalism, Market Failure & Coase Theorem, Bond Theory and Capital Flows, Financial Cronyism in the USA

Other Materials: Hardfire TV: Why People are Leaving New York, Hardfire TV: Public Goods

How the economy as a whole works (Macroeconomics)

8. A country’s standard of living depends on its ability to produce goods and services

- a. Keynesian equation and measurement of the economy, Ch.10
Gross Domestic Product (GDP) v. Gross Output (GO) Lecture
- b. Productivity (Y/N) Ch.1
- c. Burden of Government (G/Y) historically considered
- d. Oppt. cost: Investment versus Consumption & Government (redux)
- e. Historical economic growth under capitalism revisited Ch.12
- i. classical liberal, early capitalism vs. modern capitalism (redux)
- f. Bretton Woods: IMF, WB, WTO, unintended consequences Youtube, Ch.9

Teaching Modules: Keynesian v Hayekian Ideal-Types; Productivity, Inflation, Real Income; Production Possibility Frontier Two, Historical Perspective, Bretton Woods

Other Materials: Hayek v Keynes Part 3 youtube

9. Prices rise when the government prints too much money

- a. The three properties of money Lecture, Menger 1892
 - i. means of exchange, ii. unit of account, iii. store of value
- b. Quantity theory of money ($MV=PQ$) Ch.8
 - i. Keynesian, ii. Monetarist, iii. Austrian monetary theories
 - iv. Skyscraper Index and Austrian Capital Theory
- c. Consumer Price Index (CPI), real income Shadowstats.com
- d. Distribution effects of inflation, Youtube
- e. inflation as invisible regressive tax Lecture
- f. International goods and money flows Ch.17
- i. Current account and capital account, ii. International Fisher Effects, iii. Purchasing Power Parity (PPP) Hardfire TV
Big Mac Index

Teaching Modules: Properties of Money, Quantity Theory of Money, Bond Theory & Capital Flows, Inflation as Regressive & Invisible Tax

Other Materials: Doug French youtube, Hardfire TV: Balance of Payments

10. Society faces a short-run trade-off between inflation and unemployment

- a. The Business Cycle, counter-cyclical intervention vs. market-process & creative destruction Chs.1, 20 & 22, Hardfire TV
- b. Definitions of unemployment Ch.22, Shadowstats.com
 - i. “natural rate,” ii. “cyclical,” iii. “structural,” iv. Labor Force Participation Rate as new normal ? Lecture Weber 2018
- c. Definition of Inflation, i. indexing, surveys & experts vs. subjective time-preference and natural rate of interest
- d. Definitions of Recession and Depression

Teaching Modules: Definitions of Recession & Depression, Definition of Unemployment with Implications for Coronavirus, Inflation as Regressive & Invisible Tax

I. *Fiscal Policy*

- a. Keynesian “Demand-Side” fiscal policy & Aggregate Demand (AD) Ch.21
- b. Keynesian fiscal multiplier, i. knowledge problem, NBER and fiscal policy lag-time Lecture
- c. Government deficit spending & “crowding-out” in LF Market Ch.22
- d. Demand-side v. Supply-Side economics

Teaching Modules: Crowding-out in LF Market, Supply-side v Demand-side Economics

II. *Monetary Policy*

- a. Philips curve, long- and short-term monetary policy Chs. 21 & 16
- b. Federal Reserve monetary policy,
 - i. Federal Open Market Operations (FOMC), monetary multiplier
 - ii. Monetary policy lag-time, iii. “pushing on a string” Lecture, O’Driscoll 2016
 - c. Classical vs. modern Lender of Last Resort Bagehot 1873
 - d. “Systemic risk” and “too big to fail”, Lecture
 - e. “Socialized risk and private profits”
 - f. “stagflation”
 - g. Debate on Keynesian versus Austrian Economics, Youtube
- Keynes v Hayek Part 2, Hayek on Keynes

Teaching Modules: Philips Curve, Federal Reserve Open Market Committee, Classical v. Modern Central Banking, International Central Banking Systemic Risk, Changing Views on “Sound” Macro

Other Materials: Hardfire TV: The Problem with Macroeconomics, Fight of the Century youtube, Hayek on Keynes’ Ignorance of Economics youtube, Stand-up Economist youtube

Film: *U.N. Me* (2009), *Sicario* (2016), or *Atlas Shrugged* (2011), time-permitting

Class group presentations on “Economists Agree”

Final Exam

