

09-43  
App-12/8/09  
Info-1/26/10

## Undergraduate Distance Education Review Form

(Required for all courses taught by distance education for more than one-third of teaching contact hours.)

### Existing and Special Topics Course

Course: ECON 101 Basic Economics

Instructor(s) of Record: Nicholas Karatjas

Phone: 724-357-2640

Email: karatjas@iup.edu

#### Step One: Proposer

A. Provide a brief narrative rationale for each of the items, A1- A5.

1. How is/are the instructor(s) qualified in the distance education delivery method as well as the discipline?

Distance Education Qualifications: Dr. Karatjas is a qualified instructor who has used WebCT software previously in some of his classes. When he used WebCT, he used tools for grading, discussions, internet resources, readings, syllabi, and assignments. His students and he have had no significant problems using WebCT. He would also take advantage of the support offered by the Instructional Design staff for any questions/problems. He participated in a Moodle workshop on June 11, 2009, and will participate in future training opportunities. In addition to using WebCT, Dr. Karatjas has evaluated other online software provided by various textbook publishers. He previously used Aplia. On Aplia's web site it states: "For students, Aplia offers a way to stay on top of coursework with regularly scheduled homework assignments. Interactive tools and content further increase engagement and understanding." Dr. Karatjas built an ECON 122 Principles of Microeconomics class around Aplia. He has offered Principles of Microeconomics (with Dr. Todd Potts) on-line in the Winter 2008 session using CourseCompass and MyEconLab (a close substitute for Aplia), which is produced by Pearson. He is scheduled to offer Principles of Macroeconomics on-line in the Winter 2009 session. He expects to use CourseCompass and MyEconLab with one of Pearson's textbooks.

Discipline Qualifications: Dr. Karatjas has the following qualifications to teach Basic Economics:

- Professor and Chairperson of the Department of Economics
- Ph.D., Economics, State University of New York at Stony Brook
- M.A. in Economics from the State University of New York at Stony Brook
- B.A. in Economics from George Washington University
- Taught Basic Economics many times during his employment at IUP
- Co-authored a successful survey textbook Basic Economics (second edition), Macmillan Publishing Company, 1990 (with James Dyal); first edition, 1985; Study Guide to Accompany Basic Economics (second edition), Macmillan Publishing Company, 1990 (with James Dyal); first edition, 1985; and, Instructor's Manual for Basic Economics (second edition), Macmillan Publishing Company, 1990 (with James Dyal); first edition, 1985
- Manuscript/software reviewer/consultant for a variety of economics publishers

Received

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Liberal Studies

- Areas of expertise are Economic Education, Health Economics, Managerial Economics, and Tourism Economics

2. How will each objective in the course be met using distance education technologies?

*Objective # 1* – To provide an understanding of how our mixed economic system works by looking at the behavior of households and business firms and government policies that affect their behavior.

*How Objective # 1 will be met* – Students will be assigned readings that relate to the way our mixed economic system works by looking at the individual, firm, and whole economy. The course is set up using a building block approach. Initially, students will be introduced to a general overview of economics and the market system. They will then proceed to study each of the market components in greater detail. Virtually every chapter will be supplemented by “Experiential Exercises.” These exercises will direct students to web sites that provide examples as to how the market system works.

*Objective # 2* – To use and apply the tools of microeconomic analysis so that students may appreciate their usefulness in solving problems faced by consumers, producers, and policy makers.

*How Objective # 2 will be met* – An approach which examines basic economic concepts and the economic way of thinking for each topic will be employed. For example, early on, the production possibilities model will be developed to analyze a variety of economic issues including scarcity, opportunity cost, unemployment, and economic growth. Related to this will be an examination of why nations trade and arguments for/against tariffs/quotas. This process will be used as each new concept is introduced. This process will help instill the fundamental concepts and principles so that students will be ready to apply them to various situations.

*Objective # 3* – To examine the functioning of the U.S. economy in order to gain insight into the economic, political, and social problems facing a post-industrial global economy. This is done through the development and use of analytical models.

*How Objective # 3 will be met* – Students will be assigned readings that relate to the functioning of the U.S. economy. Through the use of analytical models, students will learn to use models to gain an understanding of relationships that shed light on or help solve economic, political, and social problems. This will be reinforced through exercises that provide relevant examples.

Once students have a basic understanding of macroeconomic principles, they will work with the aggregate demand and supply (AD/AS) model to explain how overall spending in the private sector determines national income, employment, and the level of prices. This will furnish the student with the tools for analyzing current macroeconomic issues. A series of exercises using the AD/AS model will be used. In these exercises, students will be able to simulate various scenarios.

*Objective # 4* – To explain how aggregate income, employment and output are determined in the macroeconomy.

*How Objective # 4 will be met* – Students will be assigned readings that relate to the way our aggregate economic system works. The course is set up using a building block approach. Initially, students will be introduced to a general overview of economics and the market system.

Next, the business cycle and the procedures used to measure production, unemployment, and inflation will be developed. The chapter discussions will be supplemented by exercises that have students calculate GDP, unemployment rates, and rates of inflation. Students will be directed to web sites that provide real-world examples and integrate current economic news. In addition, students will be introduced to economic statistics and national income accounts.

*Objective # 5* – To appreciate the social consequences of macroeconomic instability, including the differential impact of inflation and unemployment on minorities, families headed by single females, and the elderly.

*How Objective # 5 will be met* – Students will examine the causes of the business cycle. As a specific example, students will learn the origin of and what happened during the Great Depression. They will identify and describe the primary macroeconomic variables including inflation and unemployment and the differential impact on different groups in society. Students will utilize the internet for finding information including macroeconomic data about the impact of the economic downturns on different groups.

*Objective #6* – To understand how macroeconomic stabilization policies are used to bring about full employment and price stability including the differential effects of alternative policy solutions on minorities.

*How Objective # 6 will be met* – Students will be assigned readings that relate to the functioning of the U.S. economy. Through the use of analytical models, students will learn to use models to gain an understanding of relationships that sheds light on or helps solve economic, political, and social problems. Students will learn the principles of how monetary and fiscal policies work and their separate effects on the economy. Specifically, students will examine the potential impact of government purchases and taxes on overall spending (called fiscal policy). Students will also explore the role of money in the U.S. economy, our banking system, and how money is created. Finally, the problems that have plagued the economy and current macroeconomic problems and their impact on different groups in society will be examined. This will be reinforced through exercises that provide relevant examples.

*Objective #7* – To lay the foundation for understanding the role of the economist in government, industry, and education.

*How Objective # 7 will be met* – Application of concepts and principles is at the heart of the economic way of thinking. Each chapter contains many applications designed to help students develop an orderly, systemic way of thinking through economic problems that are faced by economists in government, industry, and education. The readings contain many references to problems that economists attempt to solve. Also, students will gain a better understanding of business news including the financial pages.

*Objective # 8* – To provide a conceptual framework and a set of analytical tools and methods that can be applied to other social science, business, and professional studies.

*How Objective # 8 will be met* – As noted above, application of concepts and principles is at the heart of the economic way of thinking. Each chapter contains many applications designed to help students develop an orderly, systemic way of thinking through economic problems that can be applied to other social science, business, and professional studies. In addition, each chapter contains readings that will reinforce the application of concepts and theories.

The sample lessons that are attached provide examples of different types of assignments. The first exercise is a graphing exercise. Using graphing tools, the student is to draw what happens when there is a change in supply and how that affects equilibrium price and quantity. The second exercise is a fill-in-the-blank which asks about the effect of a simultaneous change in demand and supply. Finally, the third contains a short reading and a question related to that reading. Below the three questions, is a key of the types of help available to the student. Other types of questions which will be included are numerical problems requiring students to compute the answer and discussion questions which will be graded on the basis of evidence of some critical thinking about the topic and precision in stating arguments. These questions could also provide the basis for threaded discussions.

#### Course Objectives as listed on the syllabus

This course will provide the student with the foundation for better understanding how a market economy operates and help the student learn to think about economic problems. First is an examination of basic economic concepts and the economic way of thinking. The production possibilities model will be developed to analyze a variety of economic issues including scarcity, opportunity cost, unemployment, and economic growth. In addition, why nations trade and arguments for/against tariffs/quotas will be discussed. The basic institutions of the private market economy and mixed economy will be reviewed.

Next, the student will examine microeconomic principles with an emphasis on how product and resource markets determine prices and production, and allocate resources. The principles of profit maximization, as well as models of firm behavior, will be examined under conditions of pure and imperfect competition. Other topics discussed include market failure, the economic role of government, and government regulation. The role of government will also be studied.

The second half of the course will furnish the student with the tools for analyzing current macroeconomic issues. The business cycle and the procedures used to measure production, unemployment, and inflation will be described. In addition, a model will be developed to explain how overall spending in the private sector determines national income, employment, and the level of prices. The model will be expanded to examine the potential impact of government purchases, transfers, and taxes on overall spending (called fiscal policy).

Then, the role of money in the U.S. economy, the banking system, and how money is created will be explored. How monetary policy can influence the business cycle will be discussed. Finally, the problems that have plagued the economy will be studied and current macroeconomic problems will be examined.

Throughout the course the international economy will also be studied. Issues discussed will include why nations trade, arguments for/against tariffs/quotas, the U.S. balance of payments problem, and the foreign exchange market. In addition, the recent changes in foreign economies will be discussed and students will examine international examples in each chapter.

All of the assignments produced by the student will be submitted through WebCT (or its equivalent). The assignments will be graded in a timely manner and the grades will then be released to each student. The Discussion tool and email will be used to communicate to the student any concerns the professor might have with the assignment. Likewise, the student can communicate concerns to the professor.

## Specific Activities

1. Foundations of Economics
  - A. The Nature of Economics
  - B. Making and Using Graphs
  - C. Scarcity and Choice
  - D. The Production Possibilities Model
  - E. Specialization and Comparative Advantage**Activities:** readings, problem-based exercises, tests
  
2. The Market System
  - A. Characteristics of a Market System
  - B. Forces of Demand and Supply
  - C. Applications
  - D. Efficiency in the Market
  - E. How Governments Influence the Market
  - F. Externalities and Public Goods**Activities:** readings, problem-based exercises, news exercises, tests
  
3. Price Elasticity of Demand and Supply  
Other Elasticity Measures  
**Activities:** readings, problem-based exercises, tests
  
4. Consumer Choice and Marginal Utility  
Indifference Curves  
**Activities:** readings, problem-based exercises, tests
  
5. Production and Cost  
**Activities:** readings, problem-based exercises, news exercises, tests
  
6. Market Structure
  - A. The Theory of the Firm: Perfect Competition
  - B. The Theory of the Firm Continued: Monopoly
  - C. The Theory of the Firm Concluded: Monopolistic Competition and Oligopoly**Activities:** readings, problem-based exercises, news exercises, tests
  
7. Government Regulation and Antitrust Law  
**Activities:** readings, problem-based exercises, news exercises, tests
  
8. Resource Markets  
Inequality, Income Distribution and Poverty  
**Activities:** readings, problem-based exercises, news exercises, tests
  
9. Introduction to Macroeconomics
  - A. Introduction to the Aggregate Demand/Aggregate Supply Model
  - B. Productivity and Growth
  - C. National Income Accounting
  - D. Economic Fluctuations, Unemployment, and the Price Level**Activities:** readings, problem-based exercises, news exercises, tests

10. Macroeconomic Theory

- A. Aggregate Expenditure Components
- B. Aggregate Demand/Aggregate Supply

**Activities:** readings, problem-based exercises, tests

11. Fiscal Policy/Federal Budgets

**Activities:** readings, problem-based exercises, news exercises, tests

12. Money, Banking, and Monetary Policy

- A. Money
- B. Financial Institutions
- C. How Banks Create Money
- D. Monetary Policy

**Activities:** readings, problem-based exercises, news exercises, tests

13. Macroeconomic Policy Debates

**Activities:** readings, problem-based exercises, tests

*Please note: The detailed topics list includes more topics than can be covered in a semester. This list will allow flexibility and if another instructor teaches the course he/she will be able to choose from the topic list and follow the course outline listed above.*

3. How will instructor-student and student-student, if applicable, interaction take place?

The course is intended to promote interaction between the student and instructor and among students, if possible. The course will use a variety of methods to foster this interaction.

Instructor-student interaction will be able to take place through the use of at least three different methods:

- A. Email
- B. Threaded discussion
- C. Live, online office hours held throughout the week

In addition, if there are specific problems/issues that cannot be addressed/resolved using the above methods, telephone calls can be exchanged between the instructor and student(s).

Student-student interaction will be able to take place through the use of the following four methods:

- A. Email
- B. Threaded discussion
- C. Chat rooms
- D. Telephone calls if necessary

One example of the interaction will be through the use of articles posted on MyEconLab. Students will be asked to write their reactions and then respond to other students' comments. Another example is the use of problem sets. Students will be asked to complete practice and required problems and would be expected to interact with the instructor if they have any difficulties. Since economics is a way of thinking, development of critical thinking skills is essential. The writing examples given above will be used to evaluate how well they understand the information.

4. How will student achievement be evaluated?

Student achievement will be evaluated using three methods:

- A. Practice and required problem sets graded by MyEconLab. (These problem sets are coordinated to each chapter of reading in the textbook. In addition, there are readings for many of the chapters, with a set of objective questions.)
- B. Objective exams graded by the instructor.
- C. Threaded discussions graded by the instructor.

Assignments will be itemized on the MyEconLab website. Dates for their final completion will be listed (see copy of front page of my MyEconLab web site, which lists what is due, an area for announcements, the textbook chapters, and an area for additional materials). Assignments will be assessed promptly and grades will be returned to students immediately. Criteria for evaluation will be detailed on the syllabus. For example, for essays students will be evaluated on their ability to critically analyze the problem, the degree to which the essay reflects an understanding of the material, and their ability to communicate effectively.

5. How will academic honesty for tests and assignments be addressed?

After reviewing various approaches to dealing with academic honesty, a number of strategies will be used. All tests will be timed for completion and have a closing date and ending time clearly noted on the website. The tests will be generated from a large test bank which will allow for randomized tests. Due dates for assignments will be used to keep students on track with the course work. As suggested in other distance education courses, the use of an "honor code" statement will be included to let students know they are responsible for proper conduct and integrity in all academic work. Students will also be made aware of what will happen if a violation occurs. Finally, every time students log in to the MyEconLab website, they must enter their self-created username and password for authentication.

- B. Submit to the department or its curriculum committee the responses to items A1-A5, the current official syllabus of record, along with the instructor developed online version of the syllabus, and the sample lesson. This lesson should clearly demonstrate how the distance education instructional format adequately assists students to meet a course objective(s) using online or distance technology. It should relate to one concrete topic area indicated on the syllabus.

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**Step Two: Departmental/Dean Approval**

Recommendation:  Positive (The objectives of this course can be met via distance education)

Negative

Stephane M. Boyer 11/10/09  
Signature of Department Designee Date

Endorsed:

Amm 11/19/09  
Signature of College Dean Date

Forward form and supporting materials to Liberal Studies Office for consideration by the University-wide Undergraduate Curriculum Committee. Dual-level courses also require review by the University-wide Graduate Committee for graduate-level section.

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**Step Three: University-wide Undergraduate Curriculum Committee Approval**

Recommendation:  Positive (The objectives of this course can be met via distance education)

Negative

Gail Schust 12/8/09  
Signature of Committee Co-Chair Date

Forward form and supporting materials to the Provost within 30 calendar days after received by committee.

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**Step Four: Provost Approval**

Approved as distance education course

Rejected as distance education course

Gerold Luterman (m) 12/18/09  
Signature of Provost Date

Forward form and supporting materials to Associate Provost.



## **BASIC ECONOMICS**

### ***Detailed Topics List***

#### **The Nature of Economics**

- Discuss the difference between macroeconomics and microeconomics.
- Evaluate the role that rational self-interest plays in economic analysis.
- Explain the economic way of thinking.
- Explain what a model is and why models are best kept simple.
- Distinguish between positive and normative economics.
- *Application:* Altruistic behavior.

#### **Using Graphs**

- Discuss why economists use graphs.
- Interpret graphs.
- Explain the difference between a direct and inverse relationship and how it is reflected graphically.

#### **Scarcity and Trade-Offs**

- Understand why economics considers individuals' "wants," but not their "needs."
- Explain why the scarcity problem induces people to consider opportunity costs.
- List the factors of production.
- Model a country's production possibilities.
- Define the different types of efficiency.
- Discuss why obtaining increasing increments of any particular good typically entails giving up more and more units of other goods.
- Explain why society faces a trade-off between consumption goods and capital goods.
- Describe specialization and distinguish between absolute and comparative advantage.
- Explain how individuals and countries can benefit from trade.
- *Application:* The North American Free Trade Agreement (NAFTA).

#### **Demand and Supply**

- Explain the law of demand.
- Discuss the difference between money prices and relative prices.
- Distinguish between changes in demand and changes in quantity demanded.
- Explain the law of supply.
- Distinguish between changes in supply and changes in quantity supplied.
- Understand how the interaction of the "demand for" and "supply of" a commodity determines the market price of the commodity and the equilibrium quantity of the commodity that is produced and consumed.
- *Application:* The market for gasoline.

#### **Extensions of Demand and Supply Analysis**

- Evaluate the effects of changes in demand and supply on the market price and equilibrium quantity.
- Understand the rationing function of prices.
- Explain the effects of price ceilings.
- Explain the effects of price floors.
- *Application:* The minimum wage and its impact on labor markets.

### The Public Sector and Public Choice

- Explain how market failures, such as externalities, might justify economic functions of government.
- Distinguish between private goods and public goods and explain the nature of the free-rider problem.
- Describe the political functions of government that entail its involvement in the economy.
- Distinguish between average tax rates and marginal tax rates.
- Explain the structure of the U.S. income tax system.
- *Application:* The tragedy of the commons.

### Taxes, Transfers, and Public Spending

- Understand the key factors influencing the relationship between tax rates and the tax revenues that governments collect.
- Explain the different principles of tax equity.
- Differentiate between progressive, proportional, and regressive taxes based on the marginal tax rate.
- Explain how the taxes governments levy on purchases of goods and services affect market prices and equilibrium quantities.
- *Application:* Understand how the Social Security system works and explain the nature of the problems it poses for today's students.

### Consumer Choice

- Distinguish between total utility and marginal utility.
- Discuss why marginal utility at first rises but ultimately tends to decline as a person consumes more of a good or a service.
- Explain why an individual's optimal choice of how much to consume of each good and service entails equalizing the marginal utility per dollar spent across all goods and services.
- Describe the substitution effect of a price change on the quantity demanded of a good or service.
- Understand how the real-income effect of a price change affects the quantity demanded of a good or service.
- Evaluate why the price of diamonds is so much higher than the price of water even though people cannot survive long without water.
- *Application:* Behavioral Economics.

### Demand and Supply Elasticity

- Explain and calculate price elasticity of demand.
- Understand the relationship between the price elasticity of demand and total revenues.
- Discuss the factors that influence the price elasticity of demand.
- Describe the cross-price elasticity of demand and how it may be used to indicate whether two goods are substitutes or complements.
- Explain the income elasticity of demand.
- Classify supply elasticities and explain how the length of time affects price elasticity of supply.
- *Application:* The price elasticity of gasoline and its effect on other markets.

### The Financial Environment of Business

- Distinguish among the legal forms of business and explain the chief advantages and disadvantages of each.
- Explain the difference between accounting profits and economic profits.
- Understand the role of profit.

- Discuss how the interest rate performs a key role in allocating resources.
- Calculate the discounted present value of a payment to be received at a future date.
- *Application:* Pros and cons of different types of firms.

#### The Firm: Cost and Output Determination

- Distinguish between explicit and implicit cost.
- Discuss the difference between the short-run and the long-run from the perspective of a firm.
- Understand the significance of the law of diminishing returns.
- Explain the short-run cost curves a typical firm faces.
- Describe the long-run cost curves a typical firm faces.
- Identify situations of economies and diseconomies of scale and define a firm's minimum efficient scale.
- *Application:* Economies of scale.

#### Perfect Competition

- Identify the characteristics of a perfectly competitive market structure.
- Discuss the process by which a perfectly competitive firm decides how much output to produce.
- Understand how the short-run supply curve for a perfectly competitive firm is determined.
- Explain how the equilibrium price is determined in a perfectly competitive market.
- Describe what factors induce firms to enter or exit a perfectly competitive industry.
- Distinguish among constant-, increasing-, and decreasing-cost industries based on the shape of the long-run industry supply.
- *Application:* Agriculture.

#### Monopoly

- Identify situations that can give rise to a monopoly.
- Describe the demand and marginal revenue conditions a monopolist faces.
- Discuss how a monopolist determines how much output to produce and what price to charge.
- Evaluate the profits earned by a monopolist.
- Understand price discrimination.
- Explain the disadvantages of monopolies from society's perspective.
- *Application:* Microsoft.

#### Monopolistic Competition

- Discuss the key characteristics of a monopolistically competitive industry.
- Contrast the output and pricing decisions of monopolistically competitive firms with those of perfectly competitive firms.
- Explain why brand names and advertising are important features of monopolistically competitive industries.
- *Application:* Benefits and costs of advertising.

#### Oligopoly and Strategic Behavior

- Outline the fundamental characteristics of an oligopoly.
- Describe theories of how firms may deter entry by potential rivals.
- *Application:* Game Theory.

### Regulation and Antitrust Policy in a Globalized Economy

- Recognize practical difficulties in regulating the prices charged by natural monopolies.
- Explain the main rationales for regulation of industries that are not inherently monopolistic.
- Understand the foundations of antitrust laws and regulations.
- Discuss basic issues in enforcing antitrust laws.
- *Application:* Concentration measures in the U.S. economy.

### Labor Market: Demand, Supply, and Outsourcing

- Understand why a firm's marginal revenue product curve is its demand for labor curve.
- Explain why the demand for labor is a derived demand.
- Describe how equilibrium wage rates are determined for perfectly competitive firms.
- Explain what labor outsourcing is and how it is ultimately likely to affect U.S. workers' earnings and employment prospects.
- *Application:* The Beauty Premium.

### Unions and Labor Market Monopoly Power

- Outline the essential history of the American labor union movement.
- Discuss the current status of labor unions in the United States.
- Describe the basic economic goals and strategies of labor unions.
- Evaluate the potential effects of labor unions on wages and productivity.

### Income, Poverty, and Health Care

- Describe how to use a Lorenz curve to represent a nation's income distribution.
- Identify the key determinants of income differences across individuals.
- Discuss theories of desired income distribution.
- Distinguish among alternative approaches to measuring and addressing poverty.
- *Application:* The Healthcare Debate.

### The Macroeconomy: Unemployment, Inflation, and Deflation

- Explain how the U.S. government calculates the official unemployment rate.
- Discuss the types of unemployment.
- Describe how price indexes are calculated and define the key types of price indexes.
- Distinguish between nominal and real interest rates.
- Evaluate who loses and who gains from inflation.
- Understand key features of business fluctuations.
- *Application:* Using the CPI to adjust Social Security benefits.

### Measuring the Economy's Performance

- Describe the circular flow of income and output.
- Define gross domestic product (GDP).
- Understand the limitations of using GDP as a measure of national welfare.
- Explain the expenditure approach to computing GDP.
- Explain the income approach to computing GDP.
- Distinguish between nominal GDP and real GDP.
- *Application:* The link between GDP and happiness.

### Global Economic Growth and Development

- Define economic growth.

- Recognize the importance of economic growth rates.
- Describe the fundamental determinants of economic growth.
- Explain why productivity increases are crucial for maintaining economic growth.
- Discuss the fundamental factors that contribute to a nation's economic development.
- *Application:* Growth and Income Equality.

#### Real GDP and the Price Level in the Long Run

- Understand the concept of long-run aggregate supply.
- Describe the effect of economic growth on the long-run aggregate supply curve.
- Explain why the aggregate demand curve slopes downward and list key factors that cause this curve to shift.
- Discuss the meaning of long-run equilibrium for the economy as a whole.

#### Classical and Keynesian Macro Analysis

- Discuss the central assumptions of the classical model.
- Describe the short-run determination of equilibrium real GDP and the price level in the classical model.
- Explain circumstances under which the short-run aggregate supply curve may be horizontal or upward sloping.
- Understand the factors that cause shifts in the short-run and long-run aggregate supply curves.
- Evaluate the effects of aggregate demand and supply shocks on equilibrium real GDP in the short-run.
- Determine the causes of short-run variations in the inflation rate.
- *Application:* How the U.S. economy has been affected by oil price changes.

#### Consumption, Real GDP, and the Multiplier

- Distinguish between saving and savings and explain how saving and consumption are related.
- Explain the key determinants of consumption and saving in the Keynesian model.
- Identify the primary determinants of planned investment.
- Describe how equilibrium national income is established in the Keynesian model.
- Evaluate why autonomous changes in total planned expenditures have a multiplier effect on equilibrium national income.
- Understand the relationship between total planned expenditures and the aggregate demand curve.

#### Fiscal Policy

- Use traditional Keynesian analysis to evaluate the effects of discretionary fiscal policies.
- Discuss ways in which indirect crowding out and direct expenditure offsets can reduce the effectiveness of fiscal policy actions.
- List and define fiscal policy time lags and explain why they complicate efforts to engage in fiscal "fine tuning."
- Describe how certain aspects of fiscal policy function as automatic stabilizers for the economy.
- *Application:* Do tax cuts stimulate the economy?

#### Deficit Spending and the Public Debt

- Explain how federal government deficits occur.
- Define the public debt and understand alternative measures of the public debt.
- Demonstrate an awareness of the general historical trend of the deficit and the public debt.

**INDIANA UNIVERSITY OF PENNSYLVANIA**  
**Department of Economics**

**COURSE:** Distance Education: ECON 101 Basic Economics

**CATALOG COURSE DESCRIPTION:**

ECON 101 Basic Economics 3c-01-3cr

Scarcity, role of prices in determining production and the allocation of resources, business cycle analysis, policy options for reducing unemployment and inflation, economic role of government, international trade, and selected current economic problems are studied. For those who do not plan to take more than 3cr of economics. Note: May not be taken after successful completion or of concurrent registration in any other ECON course.

**COURSE OBJECTIVES:**

1. To provide an understanding of how our mixed economic system works by looking at the behavior of households and business firms and government policies that affect their behavior.
2. To use and apply the tools of microeconomic analysis so that students may appreciate their usefulness in solving problems faced by consumers, producers, and policy makers.
3. To examine the functioning of the U.S. economy in order to gain insight into the economic, political, and social problems facing a post-industrial global economy. This is done through the development and use of analytical models.
4. To explain how aggregate income, employment and output are determined in the macroeconomy.
5. To appreciate the social consequences of macroeconomic instability, including the differential impact of inflation and unemployment on minorities, families headed by single females, and the elderly.
6. To understand how macroeconomic stabilization policies are used to bring about full employment and price stability including the differential effects of alternative policy solutions on minorities.
7. To lay the foundation for understanding the role of the economist in government, industry, and education.
8. To provide a conceptual framework and a set of analytical tools and methods that can be applied to other social science, business, and professional studies.

**TOPICS:**

This course will provide you with the foundation for better understanding how a market economy operates. First, we will examine basic economic concepts and the economic way of thinking. The production possibilities model will be developed to analyze a variety of economic issues including scarcity, opportunity cost, unemployment, and economic growth. In addition, the basic institutions of the private market economy and mixed economy will be discussed.

Second, we examine microeconomic principles with an emphasis on how product and resource markets determine prices and production, and allocate resources. The principle of profit maximization as

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5. To appreciate the social consequences of macroeconomic instability, including the differential impact of inflation and unemployment on minorities, families headed by single females, and the elderly.
6. To understand how macroeconomic stabilization policies are used to bring about full employment and price stability including the differential effects of alternative policy solutions on minorities.
7. To lay the foundation for understanding the role of the economist in government, industry, and education.
8. To provide a conceptual framework and a set of analytical tools and methods that can be applied to other social science, business, and professional studies.

**TOPICS:**

This course will provide you with the foundation for better understanding how a market economy operates. First, we will examine basic economic concepts and the economic way of thinking. The production possibilities model will be developed to analyze a variety of economic issues including scarcity, opportunity cost, unemployment, and economic growth. In addition, the basic institutions of the private market economy and mixed economy will be discussed.

Second, we examine microeconomic principles with an emphasis on how product and resource markets determine prices and production, and allocate resources. The principle of profit maximization as

well as models of firm behavior are examined under conditions of pure and imperfect competition. Other topics discussed include the farm problem, the economic role of government, and market failure.

Third, we study macroeconomic principles. The business cycle and the procedures used to measure production, unemployment, and inflation will be described. A model will be developed to illustrate how total spending in the private sector determines national income, employment, and the level of prices. Next, we will explore the role of money in the U.S. economy, our banking system, and how money is created. The model will be expanded to examine the potential impact of government purchases and taxes on total spending (called fiscal policy). We will then discuss how monetary policy can influence the business cycle.

Lastly, we will examine the international economy. Issues discussed will include why nations trade, arguments for/against tariffs/quotas, the U.S. balance of payments problem, and the foreign exchange market. We will briefly explore the recent changes in foreign economies and examine how they might affect the U.S.

**INSTRUCTOR:** Dr. Nicholas Karatjas  
McElhaney Hall – Room 213F  
(724) 357-4855  
E-mail: karatjas@iup.edu

**TEXT:** *Survey of Economics: Principles, Applications, and Tools* plus MyEconLab in Course Compass (1-semester Student Access Kit), 4/E; Arthur O’Sullivan, Steven M. Shefrin, Stephen J. Perez (Prentice Hall, 2010)

Other readings may be assigned.

#### **COURSE REQUIREMENTS:**

There will be three major exams: two during the semester and a non-comprehensive final. You are responsible for assigned chapters as well as the lectures. Examinations will be of the objective (multiple choice and true/false) type. Makeups will be given to persons with valid reasons for missing the scheduled exam. Makeup exams may be made up totally of problems and essay questions. If you must miss a scheduled exam, inform me as soon as possible. No penalty will be given when a valid excuse is presented.

The overall course letter grade will be determined by the total number of points you have earned. Each major exam will be worth 100 points for a total of 300 points. The *In the News* assignments will be worth a total of 100 points. Examples of these assignments and appropriate responses will be given.

Finally, there are 12 homework assignments. Assignments must be completed when due or no credit will be received. Points for these assignments will be added directly to your total points. Point values for MyEconLab homework assignments are set at 1 point per question. The number of questions in each MyEconLab assignment will vary. Across the semester, there will be a total of 125 questions. Extra credit assignments may be available to the entire class. These assignments will be discussed in class. Points for these assignments will be added directly to your total points. The composite score (out of a total of 500 points) will be ranked and final grades will be determined from that ranking.

The deadline for dropping a course is *Sunday, September 6*. The deadline for withdrawing from a course is *Wednesday, November 4*. You are responsible for being aware of everything written on this course syllabus.



Also, please be aware I may email information to your IUP email account. So please check you IUP email account frequently.

**SUMMARY OF GRADING:**

MyEconLab Homework assignments	100 points (20%)
<i>In the News</i> assignments	100 points (20%)
Exam #1	100 points (20%)
Exam #2	100 points (20%)
Final Exam	<u>100 points (20%)</u>
Total	500 points (100.0%)

**EXAMINATION DATES:** First Exam:  
(tentative) Second Exam:  
Final Exam:

**APPROACHING THE COURSE:**

You should follow an organized approach to studying the material. These include:

1. Reading each assigned textbook chapter.
2. Completing all online StudyPlan exercises. The exercises provide a chance for learning. There are guided solutions and links to the textbook.
3. Trying all of the appropriate in-chapter and end-of-chapter exercises. (We don't cover all of the material, so please check the syllabus for questions that don't apply.)
4. Doing the assigned, graded, chapter homeworks. You should plan to complete these HWs before they are due. If you log-on at 11:55 pm, you have 5 minutes to finish – and that usually doesn't work too well. Be prepared for unexpected family and work commitments. Be prepared for unexpected internet or computer problems. I cannot provide technical assistance for your PC. However, CourseCompass help is available from Pearson.
5. Using all available tools to study for the midterm and final.

**COURSE OUTLINE:**

*To get the most out of the material, you should read the assigned chapters before the lecture. Waiting until the night before an exam is a bad idea.*

- Introduction to Economic Goals and Tools  
*Chapter 1*
- Production Possibilities/Circular Flow Models, Exchange  
*Chapter 2*
- Demand, Supply, and Equilibrium Price  
*Chapter 3*
- Elasticity  
*Chapter 4*
- Production: An Overview  
*Chapter 5*
- Competitive Markets  
*Chapter 6*

**Monopoly and Imperfect Competition**

*Chapters 7 and 8*

**Market Failure**

*Chapter 9*

**Productive Service Markets**

*Chapter 10*

**National Income Accounting/The Business Cycle**

*Chapters 11 and 12*

**Growth**

*Chapter 13*

**The Aggregate Demand-Aggregate Supply Model**

*Chapter 14*

**Fiscal Policy, the Public Sector, Deficit, Surplus, and the National Debt**

*Chapter 15*

**Money and the Banking System**

*Chapter 16*

**Monetary Policy**

*Chapter 17*

**International Trade/Finance**

*Chapter 18*

*Other topics if time permits.*

**Dear Student:**

Your instructor is requiring MyEconLab, an online assessment and tutorial system, for this course. To access MyEconLab, you will need to complete a one-time registration process, after which you'll be able to access the site for the rest of the course.

If you purchased a new textbook, it should have come with a Student Access Kit that contains a code you can use to register. If you do not have a Student Access Kit, you can purchase access online with a major credit card.

**To Register:**

- Go to <http://www.coursecompass.com> and click the **Register** button under Students.
- Review the **Before You Start** information to ensure you have everything you need to register; click Next.
- On the Course ID page:
  - Enter this Course ID **KARATJAS21194** and click on Find Course
  - Choose your enrollment method
    - If your student access code came packaged with your textbook, select Access Code.
    - Select "Buy Now" to purchase online access using your credit card.
    - Enter your student access code as displayed; use the tab key to move from box to box and use all **CAPITAL LETTERS** when entering the access code. Click Next.
- Follow the rest of the on-screen instructions.

**MyEconLab in CourseCompass  
Access Kit**

**To Log In:**

- Go to [www.coursecompass.com](http://www.coursecompass.com) and click on Log In.
- Enter your login name and password and click Log in.
- On the MyCourseCompass page, click on the course name to enter your instructor's course.

**To purchase a discounted version of your printed textbook:**

- **Login** to MyEconLab and go to the **Student Center**.
- **See Buy a Textbook or eText**

**System requirements: \***

- Operating systems: Windows 2000, XP or Vista. Mac OSX
- Browsers: Internet Explorer 6.0 or later, FireFox, Safari

**For help with registration:**

If you have trouble registering or logging in, you can contact Pearson Education Customer Technical Support.

- Web site: <http://247.support.pearsoned.com/>
- Telephone: 1-800-677-6337  
(Monday–Friday 8:00 a.m.–8:00 p.m. ET; Sundays 5:00 p.m.–12:00 a.m. ET)

## Sample Microeconomic questions

Student: Nick KARATJAS  
 Instructor: Nick KARATJAS  
 Date: 9-9-09

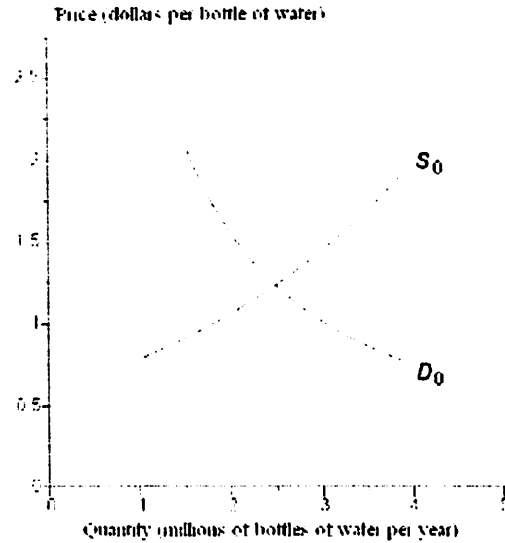
Course: ECON 122 - Principles of Microeconomics  
 Book: Parkin: Microeconomics 9e  
 Time: 8:33 PM

3.5 Review Quiz 2  
 The graph shows the demand curve for bottled water and the supply curve of bottled water.

Use the **point tool** to draw a point at the equilibrium price and quantity of water. Label it 1.

Use a **line tool** or a **curve tool** to draw a second supply curve that shows what happens in the market for bottled water if more firms produce water but all other influences on selling plans remain the same. Label the curve  $S_1$ .

Use the **point tool** to draw a point at the new equilibrium price and quantity. Label it 2.



>>> Erase only the objects specified in the question

◀ 1 2 3 4 5 6 7 8 9 10 ▶▶▶

3.5 Review Quiz 3

0 correct | 0 of 13 complete



A decrease in the demand for ramen noodles together with a decrease in the supply of ramen noodles \_\_\_\_\_ create a surplus or a shortage of ramen noodles at the original price.

The price of ramen noodles \_\_\_\_\_.

- A. will not; will not change
- B. might; will fall
- C. will not; will rise
- D. might; might fall, rise, or not change

Click to select your answer, then click Check Answer.

All parts showing

Clear All

Check Answer

Close



Read the news clip, then answer the following questions.

**Oil soars to new record over \$135**

The price of oil rises if the demand for oil \_\_\_\_\_ and the supply of oil \_\_\_\_\_.

The price of oil hit a record high above \$135 a barrel on Thursday—more than twice what it cost a year ago ... OPEC has so far blamed price rises on speculators and says there is no shortage of oil.

BBC News, May 26, 2008



- A. increases; decreases
- B. increases; increases
- C. decreases; decreases
- D. decreases; increases

Click to select your answer, then click Check Answer.



Next to each question are items to assist the student in answering the question. They include:



**Guided Solution** – provides assistance in helping answer the question by giving choices.

**eText** – takes the student to the relevant portion of the eText.

**Animation** – provides an animated solution for the problem.

**Grapher** – enables the student to use a graphing tool to solve the problem.

**Ask My Instructor** – sends an email to the instructor.

**Print** – prints hard copy of the problem so the student can work on it offline.

CATALOG DESCRIPTION

EC 101 Basic Economics

Liberal Studies Course Proposal

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Scarcity, role of prices in determining production and the allocation of resources, business cycle analysis, policy options for reducing unemployment and inflation, economic role of government, the farm problem, poverty, and international trade are studied. For those who do not plan to take more than 3 semester hours of economics.

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INDIANA UNIVERSITY OF PENNSYLVANIA  
Department of Economics  
Fall Semester 1988

COURSE: Economics 101, Basic Economics

- GOALS:
1. To provide an overview of the way our mixed economic system works by looking at the individual, firm, and whole economy.
  2. To provide some fundamental analytical concepts and principles to help you in thinking about economic problems for yourself.
  3. To help develop an orderly, systematic way of thinking through economic problems and therefore apply concepts and theories.

INSTRUCTOR: Dr. Nicholas Karatjas  
Keith 150  
357-4781

OFFICE HOURS: MWF 9:00-10:00  
TR 12:15- 1:15  
and by appointment

TEXT: Basic Economics by James Dyal and Nicholas Karatjas (Macmillan Publishing Co., 1985)

RECOMMENDED: Study Guide/Basic Economics by James Dyal and Nicholas Karatjas (Macmillan Publishing Co., 1985)

COURSE REQUIREMENTS:

There will be four major exams: three during the semester and a final. You are responsible for assigned chapters as well as the lectures. Examinations will be of the objective type. Makeups will be given to persons with valid reasons for missing the scheduled exam. Makeup exams will be made up of problems and essay questions. There may be announced quizzes. Grades on each examination are given on a percentage basis. No letter grades are assigned to individual exams. The semester letter grade is determined by adding the examination grades, dividing by the number of exams to obtain the average score, ranking the class scores, and analyzing that ranking.

Class participation is encouraged. I hope you will express your ideas and opinions in class and watch the news media for topics of interest to the class and bring it to our attention.

EXAMINATION DATES: First Exam: Tuesday, October 4  
(tentative) Second Exam: Thursday, October 27  
Third Exam: Tuesday, November 22  
Final Exam: to be announced

COURSE OUTLINE

<u>TOPIC</u>	<u>CHAPTER</u>
Introduction	1, 2
Why Study Economics?	ST J
Demand, Supply, and Equilibrium Price	3
The Farm Problem	ST E
Production: An Overview	4
How Prices Guide Producers	
Competitive Markets	
Monopoly	5
Productive Service Markets	6
Government and the Mixed Economy	7
Economics of Health	ST B*
Economics of the Environment	ST D*
Income Distribution	ST G*
National Income Accounting/ The Business Cycle	8
Employment, Inflation, and Output: The Keynesian View	9
Fiscal Policy	10
Money and the Banking System	11
The Keynesian and Monetarist Approaches to Monetary Policy	
The Aggregate Demand-Aggregate Supply Model	12
International Finance	ST H*

\*These topics will be covered if time permits.

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Basic Economics EC101

Dr. J. Dyal

Purpose: To provide you with a foundation for a better understanding of how the economy operates, and to provide the tools for analyzing current economic issues in a systematic fashion.

Topics:

Section I introduces basic economic concepts and the economic way of thinking with an emphasis on the use of graphs. Topics include the problem of scarcity, resources, technology, production possibilities, the law of diminishing returns, and economic growth.

Section II examines microeconomic principles with an emphasis on how markets determine the prices and quantity of goods and services produced as well as the prices and employment of our economic resources. We will examine the role of markets in allocating resources to solve the problems of production and distribution under conditions of pure competition and monopoly. The economic tools developed in this section will be used to analyze current economic issues associated with the economic role of government, public finance, the farm problem, the economics of higher education, poverty, and discrimination.

Section III covers macroeconomic principles with an emphasis on business cycle analysis. The focus will be on the determinants of national income, employment, and the level of prices as well as the role of the federal government and the Federal Reserve Banking System in reducing inflation and unemployment. Other topics include the aggregate supply-aggregate demand model and the problem of stagflation.

Section IV covers a variety of potential special topics such as comparative economic systems, the economics of health care, environmental economics, government regulation, international finance, and the labor movement. Since it is unlikely that time will permit us to adequately cover more than three of these topics, the choice of topics will be decided by majority vote.

Text: J.Dyal/N.Karatjas, Basic Economics, First Ed. N.Y.: Macmillan, 1985.

Recommended: J.Dyal/N.Karatjas, Study Guide To Accompany Basic Economics.

Office Hours: Mon. 4:30-5:00, Tues. 9:30-11:30, Wed. 4:30-5:00, Thurs. 9:30-11:30, or by appointment. Keith 153, phone 357-4775 or 357-2640.

Examinations: Three objective exams made up of approximately 50 true/false and multiple choice questions. Each exam is weighted equally. Short-essay makeups will be given to persons with valid reasons for missing the scheduled exam. Note: if you must miss the scheduled exam, inform me as soon as possible. All exams will be blocked as follows:

First Exam	Oct. 6 Thurs.	Beard Auditorium (Stoffer)
Second Exam	Nov. 10 Thurs.	Beard Auditorium (Stoffer)
Third Exam	Finals Week	

Grading Procedure: The overall letter grade will be based upon the numerical average of the three exam scores. No letter grade will be assigned to individual exams. A numerical scale for determining the minimum overall letter grade for the course will be described in class.

COURSE OUTLINE:

I. Introduction

Chapter 1: Introduction to Economics  
Chapter 2: Basic Economic Concepts  
Special Topic J: Why Study Economics?

II. Microeconomics

Chapter 3: Supply and Demand in the Product Market  
Special Topic E: The Farm Problem and Public Policy  
Chapter 4: The Firm and Long-Run Competitive Market Behavior  
Chapter 5: Imperfect Competition  
Chapter 6: The Market for Labor and Other Factors of Production  
Chapter 7: The Economic Role of Government  
Special Topic F: Income Distribution and Poverty  
Special Topic B: The Economics of Higher Education

III. Macroeconomics

Chapter 8: National Income Accounts/Business Cycles  
Chapter 9: An Introduction to the Keynesian Model  
Chapter 10: The Keynesian Model with Government/Fiscal Policy  
Chapter 11: Money, Banking, and Monetary Policy  
Chapter 12: The Aggregate Supply/Aggregate Demand Model

IV. Special Topics

Special Topic A: Comparative Economic Systems  
Special Topic B: The Economics of Health Care  
Special Topic D: Environmental Economics  
Special Topic F: Government Regulation  
Special Topic H: International Finance  
Special Topic I: The Labor Movement and Union Objectives

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