

EC 205

Fundamentals of Economics

Instructor: Filippo Massari

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Office Location: Nelson Hall, room 4129.

Office Hours: Tuesdays from 2 to 4 pm or by appointment.

Course description:

Fundamental ideas in economics: scarcity, substitution, opportunity cost, marginal analysis, gross domestic product, real and nominal magnitudes. Supply and demand analysis. Microeconomic analysis of pricing in competitive and noncompetitive markets. Macroeconomic analysis of production, employment, the price level, and inflation. Monetary and fiscal policy and the stabilization of the economy. Comparative advantage and international trade. Credit will not be given for both EC 205 and either EC 201 or ARE 201. Credit will not be given for both EC 205 and EC 202.

Learning outcomes:

Upon completion of the course, students should be able to understand and explain real world market phenomena using the basic tools of economic analysis.

Topics:

Microeconomics: trade and comparative advantage; supply and demand; equilibrium; elasticity; excise taxes; the price system and price controls; externalities; market structure.

Macroeconomics: measuring the economic performance of a country; economic growth; the financial system; employment and unemployment; inflation; the business cycle; monetary and fiscal policy.

Contact:

The best way to contact me is via email. I typically reply to emails every day (but Saturdays) between 5 and 6 pm. If you need an immediate answer, please write "URGENT" as a first thing in the subject line of the email and I will get back to you as soon as possible. Please, feel free to discuss with me any issue you might have in the course. In case you need clarification on grades or believe you have been treated unfairly, let me know as soon as you can: waiting until the final grade is out is too late and I will not consider any change (except for what concerns the final exam).

Attendance policy:

Attendance is compulsory, as required by school regulations for 100 and 200 level courses. You are entitled to 2 free unexcused absences, after which your grade will decrease by 1 point for any additional unexcused absence. In order to be excused for an absence, you will have to provide me with the proper documentation within a week. Absences are considered excused if they fall into one of the categories listed [here](#) according to university regulations. Your excuses should be sent to me within one week.

Be on time! I will not initially penalize those who are late for class. However, if I notice that this happens often, I will start counting it as 1/3 of an absence (meaning that if someone comes late for three times, this will be counted as one unexcused absence). If you need to leave class early for any reason, let me know before the beginning of the lecture. If you fail to talk to me, you will be counted absent.

Grade components

Homeworks and the assignment are not compulsory. You have two possibilities:

- Type 1 grading:
 - Mid-term Exam 1 (October 4th): 30%
 - Mid-term Exam 2 (November 8th): 30%
 - Final Exam (cumulative, December 16th from 8 to 11): 40%
 - If someone is absent to the exams without an excuse, they will get 0.
- Type 2 grading (strongly recommended):
 - The grade will be the highest one between the type 1 grade and the grade based on the following components.
 - Mid-term Exam 1 (October 4th): 20%
 - Mid-term Exam 2 (November 8th): 20%
 - Final Exam (cumulative, December 16th from 8 to 11): 30%
 - Assignment: 10%
 - Homeworks: 20%
 - If someone is absent to the exams without an excuse, they will get 0.
 - If you wish to do the assignment and avoid doing the homeworks, or do the homeworks and skip the assignment, the component you leave out will not be given any weight. However, the homework component is based on all homeworks. If you don't submit a homework, this will enter the average as a 0.

Grades:

A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	F
97-100	93-96.9	90-92.9	87-89.9	83-86.9	80-82.9	77-79.9	73-76.9	70-72.9	67-69.9	63-66.9	60-62.9	0-59.9

If the class average final grade is below 79.99 (before points for absences are deducted), I will scale all grades in such a way to bring the average student to a 79.99 (corresponding to a C+). In order to ensure equal treatment in the class, I will not round up to the closest unit under any exception. Please, refrain from asking me to increase your grade.

Assignment:

The assignment consists in finding a news article and analyzing the economics behind it. Students will be graded in their ability to relate theory and real world events and to express concepts in a coherent and logical fashion. Further information will be posted on Moodle.

Homeworks (done in groups):

A pdf version of the homework must be submitted on Moodle by the specified date. Handwritten versions work fine, as long as they are converted into pdf files. You can scan them or even take a picture with your phone: as long as the work is a readable pdf, I am satisfied. Homeworks are to be completed in groups of 2 to 4 people. There is no requirement to stick to the same group for the whole semester; group members can change every time. If you are unable to find a partner, contact me so that I can try to match you up with somebody else. The first homework is an individual one and is not compulsory; however, those who submit it on time can replace their worst homework grade with the grade obtained on homework #1 (I promise I will be generous on that one).

Late submissions are accepted, but the maximum grade will be: 90 if you are late by less than 6 hours; 80 if you are late by less than 12 hours; 60 if you are late by less than 24 hours; 50 for delays of more than a day.

If you get a grade below 80 (before deducting the penalty for delays), you have the chance of resubmitting the homework via email within one week from the day grades are released and get up to 80. In case you are completely off in answering a question, I may give you the chance of re-submitting only that answer and get some points back.

Math skills:

This course requires basic math skills, including the use of algebra. In addition, students will be expected to read and interpret information displayed on the Cartesian plane. Make sure you remember how to:

- Solve equations with one unknown variable;
- Solve a system of two equations with two unknowns,
- Compute percentage changes;
- Draw a straight line on a Cartesian plane when given its equation;
- Compute the areas of triangles and rectangles.

Course material

The textbook we will be using is “Modern Principles of Economics” by Tyler Cowen & Alex Tabarrok, 3rd or 4th editions. We will not be using online resources offered by the publisher, thus a used copy of the book is perfectly fine. Additional material will be posted on Moodle.

Suggested readings:

Learning economics is not easy. Taking courses is a necessary step in the right direction, but it does not provide you with all the knowledge you need. At the end of the day, curiosity about the many struggles the world has to face is the key attribute of anyone who really wants to grasp the topic. I would like to suggest a number of books, blogs, magazines and podcasts that are instrumental to this goal.

- **Newspapers and magazines:**
Three mainstream sources of news and analyses for economists are The Wall Street Journal, The Economist and The Financial Times. Student subscriptions are affordable.
- **Blogs:**
It is now very common for economists to write blogs in order to share their thoughts, their opinions, their research results and their explanations of economic concepts. There are different types of blogs: some of them tend to be overly technical and of interest only for those who work within the field; I will not mention any of these. In contrast, others are made for beginners or an audience of non-economists; some that I find useful are written by [Cowen & Tabarrok](#), [Mankiw](#), [Managerial Econ](#) (by various bloggers; more business-oriented than the other ones listed here). In addition, [this website](#) lists 100 economics blogs and encloses a brief description of each of them. I suggest taking a look at it in order to find the blogs that best suit your interests.
- **Podcasts:**
 - [Freakonomics](#) explains different types of economic research to an audience of non-economists.
 - [EconTalk](#) by Russ Roberts is a bit harder to follow but can still be appreciated by non-experts. The host is a very smart guy who is interested in a wide range of topics, also beyond the field of economics. It is not designed as a mass consumption podcast, but you may find it interesting in case you are looking for something intellectually stimulating.
 - [The Indicator at Planet Money](#) is a short daily podcast that explains what’s behind the various indicators and concepts that you hear about in the news.
 - [Invested](#) for those interested in investment in the tradition of Warren Buffet and Charlie Munger.
 - [Capitalism’t](#) by economists Kate Waldock and Luigi Zingales. It tackles a variety of policy-relevant issues, discussing them rigorously without making it too complicated.
 - [Macro Voices](#) is a very hard podcast. If you are interested in finance, it may be a good idea to try to listen to it just to start acquiring some familiarity with the terminology used by professionals in the field.

- [Vox Talks](#): podcast offered by the CEPR (Center for Economic Policy Research) where an economist is interviewed each week to discuss their research. Some episodes are hard to follow for non-experts, while others should be no problem.
- [Peras y Manzanas](#) by Valeria Moy (in Spanish): The host is an economist who applies economic principles to understand current economic issues (with a major focus on Mexico). If you understand Spanish, this is a great podcast to see how what we'll see in the course can be applied to the real world in a simple manner.
- Books:
 - The Undercover Economist by Tim Harford. It provides a useful link between theoretical concepts and real world examples.
 - Naked Economics by Charles Wheelan. It outlines several relevant concepts, mostly related to macroeconomics, in a simple and entertaining way.
 - The New Economy of Jobs by Enrico Moretti discusses the trends that are shaping today's economic environment. He focuses on the causes of the changing regional disparities within the US that determine the prosperity of some areas and the decline of others.
 - New Ideas from Dead Economists by Todd D. Buchholz, if you are interested in the history of economic thought. The book is a review of the big ideas put forward by the most influential economists ever.
 - Why Nations Fail by Daron Acemoglu & James A. Robinson, for those of you who are interested in economic growth and development. The authors are strong proponents of the idea that international differences in economic growth are caused primarily by institutional differences.
 - Guns, Germs, and Steel by Jared Diamond, again if you are interested in economic growth and development; the author claims that geographical elements explain the wide differences in material standards of living that we observe now and have observed in the past. He looks at the deep roots of the development of various societies combining knowledge derived from different scientific fields.
 - The American Economic Association provides a comprehensive list of books (and blogs) grouped by topic [here](#).

As Friedrich Hayek pointed out, "Any man who is only an economist is unlikely to be a good one", hence my ultimate suggestion would be to seek knowledge in the many disparate fields you might be interested in. Be curious and read books and newspapers, watch documentaries, listen to knowledgeable people, etc.

The requirement of students electing to enroll for credit only S/U:

In order to receive a grade of S, students are required to take all exams and quizzes, complete all assignments, and earn a grade of C- or better. Conversion from letter grading to credit only (S/U) grading is subject to university deadlines. Refer to the Registration and Records calendar for deadlines related to grading. For more details refer to <https://policies.ncsu.edu/regulation/reg-02-20-15/>

The requirement of students electing to enroll for audit AU:

Students auditing this course are required to take all exams and quizzes, and complete all assignments. For more details refer to:

<https://policies.ncsu.edu/regulation/reg-02-20-04/>

Policy on Incomplete Grades:

At the discretion of the instructor, students may be given an incomplete grade for work not completed because of a serious interruption in their work not caused by their own negligence (i.e., documented illness or family emergency occurring after a student has completed the majority of the course). An incomplete grade cannot be given, however, as a substitute for an F when the student's performance in the course is deserving of failing. An incomplete is only appropriate when the student's record in the course is such that the successful completion of particular assignments, projects, or tests missed as a result of a documented serious event would enable that student to pass the course. For this particular course, I do not anticipate the opportunity for an incomplete grade except in the case that all work has been completed with a passing grade in the course except for the final exam, and a serious unanticipated situation prohibits a student from completing the final. All such situations must be discussed with the instructor. The University policy on incomplete grades is located at: <https://policies.ncsu.edu/regulation/reg-02-50-03/>

Policy on Academic Integrity:

The NC State University Honor Pledge: I have neither given nor received unauthorized aid on this test or assignment.

It is the understanding and expectation of the instructor that the student's signature on any test or assignment means that the student has upheld the University's Honor Pledge.

It is the responsibility of each student to understand the University's policy on academic integrity as defined in the Code of Student Conduct Policy located at: <https://policies.ncsu.edu/policy/pol-11-35-01/>

Statement for Students with Disabilities:

Reasonable accommodations will be made for students with verifiable disabilities. In order to take advantage of available accommodations, students must register with Disability Services for Students at 1900 Student Health Center, Campus Box 7509, 515-7653. For more information on NC State's policy on working with students with disabilities, please see: <https://policies.ncsu.edu/regulation/reg-02-20-01/>

Anti-Discrimination Statement:

"NC State University provides equality of opportunity in education and employment for all students and employees. Accordingly, NC State affirms its commitment to maintain a work environment for all employees and an academic environment for all students that is free from all forms of discrimination. Discrimination based on race, color, religion, creed, sex, national origin, age, disability, veteran status, or sexual orientation is a violation of state and federal law and/or NC State University policy and will not be tolerated. Harassment of any person (either in the form of quid pro quo or creation of a hostile environment) based on race, color, religion, creed, sex, national origin, age, disability, veteran status, or sexual orientation also is a violation of state and federal law and/or NC State University policy and will not be tolerated. Retaliation against any person who complains about discrimination is also prohibited. NC State's policies and regulations covering discrimination, harassment, and retaliation may be accessed at <https://policies.ncsu.edu/policy/pol-04-25-05/>

Any person who feels that he or she has been the subject of prohibited discrimination, harassment, or retaliation should contact the Office for Equal Opportunity (OEO) at 515-3148.”

Statement about electronically hosted course components:

”Students may be required to disclose personally identifiable information to other students in the course, via electronic tools like email or web-postings, where relevant to the course. Examples include online discussions of class topics, and posting of student coursework. All students are expected to respect the privacy of each other by not sharing or using such information outside the course.” The University’s online course material host requirements are located at: <https://policies.ncsu.edu/regulation/reg-08-00-11/>