PRINCIPLES OF ECONOMICS
MANAGERIAL ECONOMICS

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Economics at the Robertson School of Government

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Economics at the Robertson School of Government

The activities of men and women in their daily lives as they labor in God’s Creation and the motivations and forces that generate the resulting patterns of production and consumption are the subject matter of economics.

In the Garden of Eden, prior to the fall, Adam and Eve had no need for economics. They neither had to organize their production nor worry about their consumption. God provided for all their needs from His bountiful supply. In economic terms, all they consumed were “free goods,” i.e., goods in the Garden were not scarce but rather freely available with little or no effort. After tasting the forbidden fruit of the knowledge of good and evil, mankind was ejected from Eden into a world of economic necessity where, because of His insistence on substituting man’s ambitions for God’s purposes, each day brings to each person the unending economic problem of scarce resources meeting limitless demands, and the harsh reality of an existence at risk.

How men organize and coordinate their labor in a fallen world of want is one of the most important questions before any society. The character of each individual is molded by the way he interacts with others in his every day work. His success in his efforts to provide for his family and neighbor depends not only on him but upon the ability of all to harness knowledge and resources so as to produce the greatest volume of the most desired goods and services, that is, on the goals, arrangements and institutions used by society to identify what should be produced, how productive resources should be allocated among alternative activities, and in what manner the resulting goods and services should be distributed. Most importantly, the potential of every member of society to live independently as free men and women and to influence our common affairs in the political realm is affected by how society addresses the economic problem.

As the Founding Fathers knew, political freedom requires an organization of economic affairs that provides each person with liberty to live their life, choose their occupation and use their resources as they wish. The economic system must at the same time guide all human efforts towards achieving a common prosperity where each individual serves every other in the workplace and the home. Adam Smith noted in 1776 that the enlightened self-interest of buyers and sellers in a market generates a constellation of prices that guides the economy “in such a manner as its produce may be of the greatest value”, and while intending “only his own gain, [each person] is in this, as in many other cases, led by an invisible hand to promote [a common prosperity] which was no part of his intention.” It remains true today that the only system fostering liberty, prosperity and service to others is one of minimal government and a market economy working through the interaction of a free people in the marketplace and the workplace.
Principles of Economics at Regent University focuses on how markets organize and guide economic activity, determining what is produced, how it is produced, who is to produce it, what income each resource earns, which lines of production to expand and which to contract, and what institutions and policies at the national and international level contribute to (or detract from) an efficient and equitable functioning of the economy. It reviews the fundamental contributions of key economic thinkers, the analytical techniques they provided, and the ideas they promoted that influenced the development of the subject. Finally, it surveys economic history and addresses the controversial economic issues of the day, encouraging students to make their own judgments based on Christian leadership for service to others, economic principles, and a love of liberty and life.

General Course Syllabus

Description and Purpose of Course

Government 602 and Business 614 provide a survey of economic thought and theory, problems and policies, and institutions and issues. Topics to be covered include the definition of economics; characteristics of a market system; opportunity cost; supply and demand analysis; the theory of the firm, various market structures (e.g., pure competition, monopoly); measures and determination of national output, income and employment; money and the banking system; the role of government in the economy; economic growth; and international trade.

Course Objectives

• To understand basic economic concepts and their relationship to Biblical principles and the modern economy;

• To develop tools for analyzing economic phenomena, such as marginal analysis, the theory of the firm and the household, of national income determination, and of money and banking. To apply these tools to study how prices and wages and quantities demanded and supplied are determined under different market structures, and to assess the performance of the economy and the role of the government, the business sector and the financial system in promoting economic prosperity;

• To review the purpose, structure and operation of national and international economic institutions; and

• To identify contemporary economic trends and problems, appraise their significance, and understand debates about current economic problems and policies.

1 Version 2.1 (December 2008). Subject to change.
Course Outline

The first part of the course introduces economics as a subject, and provides an overview of economic ideas, concepts, and trends:

- The reconciliation of the innate sinful nature of each man and woman with the need for an harmonious social order (How to organize society and the economy in a fallen world);

- Key analytical ideas and tools (Who are the great economic thinkers and what did they contribute);

- Important public policy questions and issues before the nation and the world (What are the current economic problems now under debate and how can economics contribute to our understanding of how to deal with them);

- Schools of economic thought and political doctrine, and their relation to questions of government and economic policy (What is the philosophical basis of economic decision-making);

- The long-term performance of the U.S. and world economies in terms of their growth and development, progress and problems, and prospects and challenges (How well have the U.S. and world economies performed in lifting material levels of living and what are the problems they now confront); and

- The global demographic profile and how it is changing (What is happening to the main determinants of demographic change, fertility, mortality, and migration, in different regions of the world).

The second part of the course then surveys microeconomics, and covers basic principles and issues of economic organization and decision-making:

- The problem of scarcity and choice (How to best allocate scarce productive resources — land, labor, capital and knowledge — so as to produce exactly those goods and services that maximize human satisfaction when wants outstrip resources);

- The operation of markets and the price system (The laws of supply and of demand and how they solve the key economic questions before society);

- The behavior of individual economic units (The household as consumer and supplier of resources, the firm as producer and employer of resources, the government as taxer, regulator and provider of public goods, and the rest of the world as a source of specialization in production and diversification in consumption); and

- The organization and structure of product and factor markets (The implications of imperfect resources markets for economic welfare and growth and for the functional and size distribution of income); and
• The distribution of income and poverty (What is the extent of inequality in the world and the U.S., how does one measure it, and how many poor live among us).

The third part of the course surveys macroeconomics, and covers Classical and Keynesian macroeconomic theory, banking and the monetary system, and the Modern theory of the open economy:

• Problems of measuring economic performance (What are the national accounts and what do they tell us about the economy as a whole);

• Goals, objectives and instruments of public policy and factors affecting growth, development and stability (What are the economic goals of society and how do we attain them);

• The public sector, externalities, and public choice theory, the distinction between private goods and public goods, the problem of common resources, and market failure and government failure (What should the public sector do and what should the private sector do);

• The determinants of aggregate production, spending and employment as seen in Classical, Keynesian and Modern macroeconomic theory (What are the various determinants of the aggregate level of output and employment as seen by different schools of economic thought);

• The role of the banking system, the creation of money, and the role of monetary in a modern economy (How does the financial system of a modern economy work, and how does Federal Reserve effect the money supply); and

• The international economy and its impact on the domestic economy (How do exports and imports affect the domestic economy and how does the domestic economy adjust to foreign competition and the opportunities available in the international economy?).

The fourth part of the course looks at the public sector and the role of government:

• The possible tradeoff between inflation and unemployment and the current business situation and prospects for growth (What is the current economic situation and its outlook?).

• The role of government and public policy in the modern economy (The efficacy of fiscal and monetary policy, the government budget, regulatory policy, income maintenance policies, and international economic policies);
The final part of the course focuses on the debate over economic policy and the best approach to dealing with problems before any economy:

- Questions of public policy such as tax reform, poverty, Social Security and Medicare, and Medicaid and health care (Debates about economic policies and the effectiveness of governmental solutions to the problems before the nation); and

- Current issues and problems now under debate (What are the questions and problems with which Congress and the Executive are seized and how do they propose to deal with them).

Course Competencies

Students will be able to:

- Identify the main streams of economic thought from the past to the present and relate them to the ongoing debates about public policy and the role of government in the economy;

- Use basic economic concepts and theoretical ideas when analyzing current economic problems and assessing the problems, prospects and possibilities for the economy;

- Recognize how fundamental economic institutions such as property rights, a well developed legal system, and market incentives affect the functioning of the economy, how institutional arrangements such as households, businesses, and governments affect the process of production and distribution of goods and services, and how particular government agencies, business establishments, and global economic institutions operate and affect the economy and the lives of individuals;

- Relate past economic events and trends to the present economic situation and the longer-term direction the economy might take and the problems it might face in the decades to come; and

- Evaluate policy proposals using analytical tools and historical perspectives that allow for assessing alternative courses of action and costs involved when addressing present and future economic problem and that consider not only of the economic goals and objectives policies are intended to achieve but their impact on the possibilities for freedom and liberty in an increasingly complex and interdependent world.

Course Requirements

Students are expected to read assigned materials, participate in classroom discussions, prepare written assignments, take examinations, and engage in Blackboard dialogues. A schedule of class meetings, reading assignments, homework assignments and activities for this
course is maintained on Blackboard. In addition, students must show proficiency in the use of the spreadsheet Excel, and pass the Center for Student Development Excel Workshop test.

Two Examinations will be given at times listed in the Course Schedule. These examinations are based on material presented in the text and Powerpoints, and focus on basic economic principles and theory. Each exam is entered into the final grade with a weight of 20 per cent.

A set of Questions and Problems is assigned each week. Q&Ps are important both because they enter directly into the grade received with a weight of 20 per cent and because they reflect material that appears on examinations. They are due at the end of the week after assignment.

Two Notes are due at times indicated in the Course Schedule. The first of these notes is a biography or obit of a famous economist and the second a review of a book or subject related to economic policy. Each note has a weight of 15 per cent.

A number of Blackboard Dialogues will be conducted during the semester where students will interact among themselves and with the professor on key policy questions. A summary class participation and dialogue entry grade enters the final grade for the course with a weight of 10 per cent.

With regard to Attendance, excessive, unjustified absences are strongly discouraged. Excessive tardiness and early departures will be treated as partial absences. Attendance will be taken regularly and will be included as part of the class participation grade.

Further information on assignments is given in a Blackboard posting under “Course Assignments”.

The development of quantitative data analysis and computing skills are an essential part of the study of economics. To this end, each student must take a 2 hour course offered by the Center for Student Development in the use of the spreadsheet Excel. Certification of proficiency in Excel by the CSD is required to pass this course.

Please check the Blackboard ‘Announcements’ and ‘Course Documents’ sections for this course several times each week for information about assignments and dialogue sessions.

**Student Assessment**

This is a lecture and distance learning course supplemented by participation by students in class and in the dialogues. Unless otherwise indicated, students will be expected to read all assigned materials and be prepared to discuss them in-depth during both in class and in the dialogues. It is important that you prepare for and show up for all classes, and that you participate. You will receive marks for both quality and quantity of your participation.

Grades are based on:

1. The two examinations (40%)
2. The Questions and Problems (20%), and  
3. The two notes (15% each)  
4. Class participation, including attendance and on-line dialogue entries (10%)  

Grading follows standard University policy with regard to the grading system and Incomplete, In progress, and Withdrawal-from-course grades.

Text, Readings and Reference Materials


Assigned readings: A list of supplementary readings is given in the Course Schedule.  


Web sites: www.econlinks.com contains economic news and commentary and has many links to other economic sites. cepa.newschool.edu/het/ is an important web site with articles and web pages devoted to the history of economic thought and famous economists.  


Integration of Faith and Learning

The Robertson School of Government seeks to restore our nation's Judeo-Christian heritage, to renew the traditional values of citizenship in the public affairs of the country, and to promote these ideals in all nations of the world. To that end, leadership and policy issues are rigorously analyzed from various academic perspectives in a broad, multidisciplinary approach, emphasizing the application of Judeo-Christian principles to theoretical and practical problems. The program is designed to produce principled graduates who are morally, spiritually, and intellectually well-grounded and who are also equipped with the practical and technical skills needed to meet today's challenges of leadership in government, policy-making, and politics.  

Academic Integrity Policy

At a Christian University academic dishonesty cannot be tolerated. The professor has an obligation to be certain that each student's work is his/her own. Dishonesty in such academic practices as assignments, examinations, presentations or other academic work cannot be condoned. Failure to report any cheating by other students that you may witness is an Honor Code violation. It is University policy to record Honor Code violations permanently on the student's transcript, where they can be seen by prospective employers and graduate schools.
Disabilities Policy

Regent University and the Robertson School of Government strive to be as helpful and accommodating as possible to the needs of the disabled. Students with special needs in this regard should inform the professor so that appropriate arrangements can be made to ensure the student gains the full benefit from the course.

Student Information and Feedback

Students are referred to the Regent University Student Handbook for further information on the policies and procedures of the University.

At the end of the course, students will be given the opportunity to evaluate the course and make suggestions for improvements.

Office Hours and Meeting Availability

Professor: Douglas O. Walker
Office: Robertson Hall 318F
Telephone: x4616
E-mail: dougwal@regent.edu
Office hours: Tuesdays and Thursdays, 2:00 PM - 4:00 PM
No appointment is necessary. Meetings are in 20 minute blocks but can go longer if no other student is waiting.

Appointments: I am here to serve you. If meetings during regular office hours are not possible, please call or stop by my office. Questions may also be sent by e-mail.
Course Themes

Economics is a subject with few boundaries. It encroaches on other disciplines and shares concepts, theories, analytical tools and even practitioners with them. At times, it draws on, and requires knowledge of, politics, philosophy, sociology, history, business, anthropology, statistics, mathematics, psychology and demography, among other subjects. Economics has its own list of heroes (or in some cases villains), who in one way or another contributed to (or set back) our understanding of the world around us. And economics encompasses normative as well as positive questions, that is, moral propositions as well as explanatory suppositions, what is right as well as what is factual, what the situation might be as well as what the situation is.

In a survey course such as Principles it is not possible to cover economics in all its aspects. Five broad themes, however, are of particular importance for students of government, and are emphasized in Regent's Principles course: Economic theory and the reasoning behind explanations of economic phenomena; Economic thought and the ideas of the great economists that shape debates about economic policy; Economic institutions and the importance of the rules, regulations and organizations that influence economic events; Economic history and the accomplishments and failures of the past; and Economic Policy and Issues and the alternative programs and strategies that could be implemented to overcome current economic difficulties. A sketch of the main themes is given below.

Economic Theory

Economic theory attempts to distill from the infinitely complex and varied activities of human beings general models of behavior and simplified patterns of trends that help in understanding economic phenomena. Economic theories should do four things: Describe the phenomena under study, explain the forces at work and how they led to the economic situation being described, suggest how policies might affect the situation, and predict the outcome of policy measures and exogenous events on the current state of affairs. Although Government 602 does not delve deeply into the technical basis of economic theory, it is important to gain an appreciation of the roots of our understanding of how an economy operates and the key assumptions made when evaluating economic policies.

The Principles course sets forth basic microeconomic and macroeconomic theory. Microeconomic theory looks at how the individual units of an economy – its households, its business firms, its units of government – interact in a manner that co-ordinates their activities without resort to central direction, and in a way that leads to efficiency in consumption and production. Emphasis is given to the theory of price, that is, to how the price system organizes and guides economic activity, determining what is produced, how it is produced, who is to produce it, what income each resource earns, and which lines of production to expand and which to contract. The Principles course at Regent emphasizes how the price system, alone among the alternatives available to society when organizing economic activity, allows maximum freedom to each individual as a consumer, a producer or a resource owner.

Macroeconomic theory looks at the economy as a whole, and provides a picture of how aggregate groups in an economy – all consumers, all producers and all levels of government
taken together affect the economy as a whole. Emphasis is given to the theory of aggregate income and employment determination, that is, to what factors and forces determine the level of national income, the unemployment rate, the fiscal deficit and the balance of payments. Attention is also given to the theory of international trade, monetary theory and the theory of inflation, and theories of economic growth and development. The *Principles* course emphasizes the importance of a predictable macroeconomic environment for economic growth and a stable expansion of the economy, and of an environment of free enterprise and free markets for long-term prosperity and a national spirit of political freedom.

**Economic Thought**

The alternative philosophies that underlie contemporary debates on how to manage the economy, co-ordinate economic affairs and control private and public economic power are rooted in the views and ideas of the great economists. One simply cannot evaluate current economic controversies without reference to these thinkers and the contributions they made to our understanding of the economy and economic policy.

The *Principles* course at Regent focuses on 12 economists that are frequently mentioned in current discussions of policy alternatives:

- **Adam Smith** (1723-1790), the founding father of the study of economics and the architect of the classical liberal philosophy of economic individualism.
- **David Ricardo** (1772-1823), expert in the theory of land rent, advocate of free international trade, originator of the theory of comparative advantage, and explorer of the theory of value.
- **John Stuart Mill** (1806-1873), forerunner of the marginalist school, contributor of the theory explaining prices in international trade, and philosopher of liberty.
- **Karl Marx** (1818-1883), economist and revolutionary, theorist and pamphleteer, admirer and loather of capitalism, and intellectual frame of modern socialism and father of communism.
- **Alfred Marshall** (1842-1924), founder of neoclassical economics, developer of the tools of supply and demand, and promoter of economics as a practical science and a policy tool.
- **Thorstein Veblen** (1857-1929), iconoclast and critic of traditional economic theory, and champion of the importance of institutions and behavior in explaining economic phenomena.
- **John Maynard Keynes** (1883-1946), father of macroeconomics, prolific economic theorist and commentator on economic affairs, and head of the British delegation at Bretton Woods.
- **Joseph Schumpeter** (1883-1950), visionary of capitalism and long-term economic advance, student of cycles, critic of Keynesian economics, and extoller of the entrepreneurial spirit.
- **Friedrich Hayek** (1899-1992), defender of liberty and opponent of socialism, economic and political theorist for individualism, and adversary of government interference in the economy.
Milton Friedman (1912-2006), proponent of free markets, critic of Keynes and “fine-tuning”, and one of the most influential economists, commentators and essayists of the 20th century.

James Buchanan (1919-), developer of the field of public choice and advocate of the contractual and constitutional bases for economic and political decision-making.


Economic Institutions

Efficient economic organization is perhaps the most important factor in generating long-term economic growth and attaining a high level of living for a country’s population.

The Principles course stresses that the affluence of the United States and a few other countries is a new development in world history and very much a blessing of God rather than a product of Man. Its continuation is predicated on the acknowledgment of His favor and an appreciation of the unique nature of His gift and its requirements in terms of how society must organize its economy and carry out economic activity.

In the first instance, this necessitates an awareness of how the creation of fundamental institutional arrangements – such as property rights, a well-developed legal system and market incentives – promotes an expansion in economic activity by channeling individual efforts toward socially productive purposes in a manner that reconciles each person’s self-interest with that of society as a whole.

In the second instance, it involves an understanding of how different institutional structures – corporations, partnerships and proprietorships in the business sector, alternative family formations in the household sector, different arrangements of the government sector – affect the process of production and the pattern of consumption in a way that promotes or hinders economic progress, social development and political freedom.

And in the third instance, it requires specific knowledge of how particular establishments and markets – for example, the Federal Reserve and the world market for oil -- operate and affect the performance of the economy in the short-term.

Economic History

Economic history is the application of economic theory to economic events and trends in the past, and it attempts to analyze man’s efforts through the centuries to organize his production and satisfy his material wants. For purposes of this course, in the first instance, economic history involves identifying the evolving structure of the U.S. economy as it developed after the Revolution from a dual economy with an industrial North and agricultural South, through Reconstruction and Industrialization of the late 19th century and the maturing economy and
national crises of the first half of the 20th century, to the post-World War II prosperity and challenges of the 21st century. The focus is on the progress and problems encountered in the long-term development of the U.S. economy.

In the second instance, economic history involves learning about the specific past economic events that continue to affect the U.S. economy. Attention here is on significant economic developments that have shaped American history, including the factors involved and the legacies left in their train: Building the foundations of a national economy; the problem of slavery; periodic downturns leaving the farm economy and workers in crisis; the Great Crime of 1873 and the Great Depression of 1929; and the rise and decline of the Welfare State following the Second World War. An awareness of landmark economic events of the past and their influence on the present is an important part of the study of government.

Economic Policies and Issues

America has always been seized by a wide range of economic disagreements and controversies and always will be. From the early acrimonious debates about economic policy between Alexander Hamilton – a staunch friend of mercantile, financial and manufacturing interests – and James Madison – a strong supporter of agrarian and labor groups – to today’s often bitter debates between advocates of greater government involvement in the economy and those championing less government in the marketplace, little has changed. The importance of these debates is reflected in the fact they are at the top of the national agenda, and can have a profound impact on the professional and social relationships of those involved in the debates.

Despite their importance nationally and individually, a course in Principles of Economics is not a proper forum for debates about the efficacy of economic policies or the best approach for dealing with the economic issues of the day. This is not to say that Regent and the professor do not have a point of view on many of these questions (they most certainly do) or the Principles course does not cover economic policies and discuss economic issues (considerable attention is give to policy alternatives and policy formation). It is rather to say that a Principles course focuses on gaining proficiency in the use of analytical tools for evaluating economic alternatives, not on the controversies inherent in economic policy formulation. The purpose of the Principles course at Regent, then, is to survey the field, study the ideas and history that have shaped our understanding of the economic problems before society, learn the different viewpoints that inform debates about economic policies, and assess alternative policies in terms not only of the economic goals and objectives they are intended to achieve but their impact on the possibilities for freedom and liberty in an increasingly complex and interdependent world.
Course Assignments

General Requirements

Class involvement is an essential part of this course. In-class students are expected to come to class on-time and prepared, having read the required reading and ready to contribute actively to discussions on the topic of the day. Distance students are expected to be actively involved in all aspects of the course, and to submit material weekly to the discussion board.

Class attendance will be considered in determining the final grade. Attendance will be taken each class session and unexcused absences can affect your grade. Students taking the class as a distance course are expected to maintain at least weekly contact with the professor, informing him of any difficulties they may have with the assigned material and asking for any clarification they may need.

Weekly text chapter and supplementary reading assignments are given in the Course Schedule. In addition to the required readings, students will be expected to read every day coverage on economic developments and issues that appear in the mainstream press and on Internet blogs, and to be prepared to draw on this material in class discussions and Dialogues.

Submission dates for the various assignments are given below and in the Course Schedule. Note that assignments submitted late will be downgraded significantly.

Examinations

Two take-home Examinations, one on microeconomics and one on macroeconomics, are due on EOD (End of Day, 12 Midnight) 16 October and 11 Dec 2009.

These examinations are based on material presented in the text and supplementary readings. Each exam includes five essay questions, and cover economic theory, economic thought and economic policy.

Answers to each essay question on an examination should be between 1250 to 1500 words. Sub-parts to a question can often be answered in 250-500 words at most, many in much less than 250, as they require only a few sentences to explain the idea. The total word country for the exam as a whole should not exceed 7500 words. References and citations to the professional and policy literature (including the text) is a plus.

The exams will be distributed two weeks before their due date.

Each exam is 20% of the final grade for the course.

Drafting and submission information is given below.
Questions and Problem Sets

A set of Questions and Problems is assigned each week.

Each Q&P set has ten short-answer questions based on the text and Powerpoint presentations and, in some sets, two quantitative problems requiring calculations and diagrammatic presentations. Q&Ps do not require long and extensive answers. Rather, they should be answered in at most five to six sentences, preferably less, that make clear you know the answer to the question.

Problems in the Q&Ps can be very difficult. Indeed, I note that some of them are not at all easy, or, better, they are easy only when you know the answer. It is not required that you answer the problems of the Q&Ps. But it is essential that you try, and evidence that you have adds to the score you receive. My suggestion is to work on them for only 15 minutes. Try and answer them, even guess at an answer. And then submit the Q&P and temporarily forget about them.

Later, when the answers are posted on Blackboard, go back and try and figure out what the answer is using the posted answer as a guide. As you work through the answer you will then begin to see the principles involved and why the answer is what the answer is.

Note that the problems of the Q&Ps are extra credit and are graded as extra credit and then only lightly. A correct answer will result in a grade for the Q&P set above an “A+”. An incorrect answer may even yield a strong “A+”. You have nothing to lose by struggling with the problems and much to gain. So I encourage you to tackle them.

Answers to the Q&Ps will be posted a week after they are due. It is important that you compare the answers you gave with those on the master answer sheet. This is particular true for the problems. Study how they have been answered and you will learn much about economics.

Q&Ps are important both because they enter directly into the grade received with a weight of 20 per cent and because they reflect material that appears on examinations. They are due EOD on the Friday of the week after assignment. Submission dates are also given in the Course Schedule.

Questions and Problems are 20% of the final grade.

Submission information is given below.

Notes

During the course of the semester each student should submit at times indicated below two Notes on subjects related to economics.

Subject of the first note. The first note is on a famous economist, and may have one of two possible topics: 1. It may be a biographical and professional profile of a famous historical
economist; or 2. It may be an obituary of a well-known professional economist who is alive today.

With regard to the first topic, the note may be a biography of Adam Smith, David Ricardo, Karl Marx, John Stuart Mill or some other famous economist of the past. An historical note should briefly review the life, times, and ideas of the economist, and, in a final paragraph or two, provide an assessment of the impact he or she has had on our understanding of not just the subject of economics, but the society in which we live.

Alternatively, the first note may be an obituary of a well known living economist, one whose standing in the profession is such that they have either received or might be considered a candidate for a Nobel Memorial Prize in Economics. While a profile of the candidate is obviously essential, the main emphasis of the obit should be on the contribution the individual has made to the economics profession and the key ideas that make this person stand out among his/her peers. Speculation as to their importance over the longer-term should be part of this note.

The biography of some historical economist should have a length of 1250-1500 words. Obituaries are shorter and more focused, and should have a length of 900-1000 words.

Subject of the second note. The second note focuses on an economic policy issue in the news or, better, under debate in the Congress (for example, the problem of illegal immigration, reform of Social Security, the debate over health care, the budget deficit or the trade deficit, and proposals made to deal with the identified issue).

It may take one of three forms: A Summary Policy Review, An Op-Ed, or a Policy Briefing Note.

1. A Summary Policy Review is a statement of some policy issue under debate. It is intended to inform the reader about what steps are being taken by the Congress, the President, or some government or international agency to address a problem in the economy or the world. The Review should focus on policy proposals, instruments and actions rather than the nature of policy questions (for example, it could explain how monetary policy is determined, how it is supposed to work, and the alternatives before the Federal Reserve to deal with some problem, and how any action undertaken by the Fed is intended to improve the situation). The final paragraph should provide your summary assessment of the importance of the policy issue, the usefulness of policy instruments proposed for dealing with it, and your view regarding the possibilities for successfully addressing the problem. A Policy Review should have a length of 1250-1500 words.

2. An Op Ed (800-900 words) is a relatively short, pointed, often outrageous expression of opinion, e.g., “Our Present Policy With Regard to Trade is Totally Wrong and the People Who Support It are Idiots”. Op Eds advocate a particular position and argue that we must take the position advanced in the Op Ed or “the world will come to an end!” or “we will be in deep, deep trouble!”. It gives no quarter to the other side in the debate (although it can say they’re nice people but totally wrong on this question). It is partisan and attacks opinions that are different from the one advocated.
3. A Briefing Note (1000-1500 words), which is a longer, more balanced presentation of a problem with options about how to deal with it, e.g., “The Trade Deficit Continues to Worsen and Requires Immediate Attention as our Options for Dealing with it are Narrowing”. It is prepared as background for some politician or policy maker who must either answer questions about the issue or must come up with a policy proposal. Briefing Notes are more factual and try to inform the reader about the alternatives when dealing with a problem. It can advocate an alternative, even strongly, but the emphasis is on a considered assessment of alternatives and the possibility of failure. In technical lingo, if the conclusion of the Briefing Note advocates that some policy be adopted and implemented, the action to be taken is called a “Finding”. Briefing Notes do not have to have a Finding and can simply be a discussion of the alternatives we have to deal with a problem.

Policy Reviews are intended to clarify exactly what the problem is and list the alternatives available when dealing with it. They always are (or should be) an education to prepare and read. Op Eds, on the other hand, are fun but sometimes a waste of time to read, especially when written by people who obviously have an agenda and you know what they are going to say before you read it. When properly done they can shape the debate on policy issues. Briefing Notes are usually boring but essential if you want to influence a politician or policy maker to follow a course of action you favor.

If you want to learn something about a policy issue, write a Policy Review.

If you enjoy political debate, write an Op Ed.

If you want to influence public policy as an advisor to the Secretary of the Treasury, the Secretary of State or the Secretary of Defense, or even the President, write a Briefing Note.

Form and Content of Notes. Within the broad subject of the notes, you have complete choice on the topics to be covered. If you wish to do a note on a topic outside the traditional, it is recommended to discuss it with the professor.

Although your opinion is important (and in the dialogues discussed below, essential), your notes should emphasize the views of others and conclude with your assessment of other people’s thought (or some political candidate’s program), the strengths and weaknesses of the policy tools we have available to us, and your recommended course of action.


Each note is 15% of the final grade.

Drafting and submission information is given below.
Dialogues

*Blackboard Dialogue* sessions will be posted every two or three weeks during the semester.

These dialogues are intended to allow students to interact among themselves and with the professor on topics relevant to economics and key policy questions currently under debate.

Dialogues are not graded in terms of opinion, so students should express their views freely. Indeed, challenging the views of others – historical figures, contemporary commentators, and especially other students and the professor – is strongly encouraged. Courtesy and respect for the views of others, however, must be maintained at all times.

For classroom students attendance at all class sessions and active participation in class and on the discussion board is expected.

For distance students, at least one post per week in Blackboard is required. Each post should be approximately 250 words. You are also expected to comment on the posts of others and respond to any comments on your post. Multiple posts during a week are of course encouraged.

*Rules for the Dialogues:*

1. All students should participate actively and comment of each dialogue topic. Feel free to post as often as you like and go beyond the suggested text length. The more the merrier, the higher the dialogue grade.

2. It is strongly recommended to think before posting. Dialogue topics are based on articles posted under “Assignments” on the course Blackboard site. These should be read before posting on the topic but are only a starting point. Add your own comments or comment on those of others, as you feel incline. But think before you write.

3. Brevity is beautiful.

4. English matters: No sentences without verbs, subjects and verbs should agree, no run-on sentences, spelling is important.

5. Dialogue entries that cite sources and quote The Great Economists will be praised. If you have taken the time to do research on the topic, work it into the discussion.

6. There is nothing wrong with being outrageous in your comments and ideas. There is nothing wrong with vigorously challenging the ideas of others. You can even put forward and suggest ideas with which you privately disagree. This is often fun to do, just to see the reaction in others. Again, you are not graded on what you say, so say anything you want.

7. Do not be afraid to change your mind or concede the weakness of your argument. It is a sign of strength to admit you learned something from someone else. Having said
that, never change your mind to simply agree with someone. Rather, concede your weaknesses for the moment and take the time to think about how you can better defend your opinions. Then come back and post anew.

8. You must always be courteous to others, especially those with whom you disagree. Calling somebody an "idiot" is a no-no. Saying someone has not fully thought out the implications of the weak and inadequate ideas they advocate, which in your view need substantial revision and strengthening along the lines of your suggestions, is perfectly OK, indeed, encouraged. Most importantly, do not yell and scream. The other person may well be an idiot in your mind, but even idiots deserve respect.

9. Each dialogue topic will be up for only a couple of weeks. Do not wait to the end of this period to join the dialogue.

10. Have fun with the topic. Although they are serious, let us not lose our perspective on life.

The Dialogue grade, included in an overall Class Participation grade weighted 10%, is based on extent of participation and conformity with English writing standards.

**Drafting Suggestions, Grading and Presentation Requirements of Submissions**

Where appropriate, the Microsoft Word documents containing the exams and Q&Ps may be used as a template into which answers and responses may be given and submissions made. Note that some of the some Q&Ps contain Microsoft Graph pre-formatted charts. These may be used to prepare responses to the problems in the Q&Ps.

Notes and exams are graded with the following in mind:

- References to The Great Economists and their relevance to the issue at hand
- Use of economic theory, concepts, and history where relevant
- Grammar, spelling and syntax indicative of graduate-level writing skills
- Clarity of presentation of thoughts and concepts
- Logic of arguments for particular positions

Examinations and notes are considered formal submissions, Q&Ps are not.

Formal material (those other than Q&Ps) submitted for grading should include a cover or title page with the following information: The name of the school and university, that is, The Robertson School of Government, Regent University; the exact title of the paper or submission; the full course name, that is, Government 602: Principles of Economics (or Business 614: Managerial Economics and Decision Analysis); the student's name; and the date. This information should be suitably capitalized, centered and spaced upon the page.

In the case of notes of four pages or more, a Table of Contents should follow the cover page and detail any major divisions or sub-divisions of the submission that make it more readable. If tables or illustrations are included as part of the text, they should be listed directly
below the text contents. Any appendices or bibliography should also be listed.

With regard to the notes, the Introductory paragraph(s) and Concluding paragraph(s) should be identified with headings. Heading separating sections and subsections are not required but if in your view helpful, you may include them. A Bibliography of at least one book or article is necessary, the more, the better, listed as a separate page at the end. Footnotes, etc., follow Turabian.


**Areas of Special Skills**

There are two areas where RSG students need to develop skills beyond those taught in regular RSG courses. The first is learning to use the spreadsheet Microsoft Excel. In the past, we have had several students go for job interviews and not be hired simply because they had no idea of what Excel was and how to use it, even in the simplest way. That is unacceptable. Everyone must know what Excel is and what it can do. The Center for Student Development offers special courses in Excel of only an hour or two in duration, both for campus and distance students. Students in Govt 602 and Busn 614 must demonstrate proficiency in the use of Excel satisfactory to the Center for Student Development.

The Center for Student Development maintains two links to tutorials for Excel:

http://www.regent.edu/admin/stusrv/student_dev/docs/Workshops/Excel/basic_practice_exercises.doc

http://www.regent.edu/admin/stusrv/student_dev/docs/Workshops/Excel/AdvExcelTutorial2007.doc

All you need do is work through one of these two exercises and then send me an e-mail note that you have completed one of the tutorials. CSD will work with any student to ensure that they can use this important computing tool.

This formal requirement will be waived for those students that send the instructor an e-mail stating they are proficient in the use of Excel and use it regularly.

The second area is in drafting reports. Writing skills are what employers are looking for. For this reason, it is important to become acquainted with the kinds of documents that appear in the workplace and to improve drafting skills. To this end, the first note to be submitted in this course should be reviewed first to the University Writing Center before submitted to the professor.
Rules for Collaboration

Students are responsible for preparing by themselves all material submitted for grading in strict accordance with Regent University policies on academic integrity. Students may, however, form study groups and otherwise discuss with one another the material presented in the text and in class and in general terms the ideas and concepts appearing on the Q&Ps and in their individual notes, but not specific answers. If they regard it as useful, they may also discuss questions and problems with individuals outside the Regent community, again in general terms and with the understanding that any material submitted must come entirely from their own hand.

Submission of Material

Both documents in Microsoft Word and Corel WordPerfect are acceptable.

Material to be submitted may be sent as an attachment to an e-mail or may be submitted in class. The subject line of any e-mail and the file name of the attachment should contain the student’s name, the course number (“Govt 602” or “Busn 614”), and an assignment ID (e.g., “Q&P 1”, “Exam 1”).

Assignments are due by twelve o’clock midnight on their respective due dates.

Assignments must be submitted on time. Late submissions will be downgraded a full letter grade each week past their due date.

Important: Keep a copy of everything submitted for grading.

Course Resources

Text and Readings


Assigned readings: Weekly assigned readings are given in the Course Schedule and posted on Blackboard. These include text chapters, short Classic readings in economics, and an Op Ed article relevant to the material covered in the lecture for that week.

Monitoring current developments: Every day students should read the main local newspaper in their home area and a major national newspaper such as the New York Times, Washington Post, or Washington Times.

In addition, it is important to review the current world and national economic situation in a main daily business publication such as The Wall Street Journal and Financial Times.

Weekly reviews such as The Economist of London, Barrons, and Business Week are useful in gaining a perspective on the important business and economic developments in the news. The
Economist, in particular, is considered by many to be the best newspaper in the world. Make sure you gain access to this magazine during the semester and read through it.

Recommended Readings

Two types of readings can be recommended to the student:

Classic readings are those that have profoundly affected our thinking about society and the economy, and that are often mentioned in policy discussions and debates about economic and political issues. Most of these books are treatises, such as those by Smith, Ricardo, Marx and Mill, and are too long and out-of-date to be read as part of a general education. Nonetheless, they are well worth taking the time to look at, and to pay particular attention to quotes taken from these classics. Others, such as those by Keynes, Hayek and Friedman, are shorter and more recent, and are often mentioned in policy debates. These are the books the student should become acquainted to gain insight into the historical ideas that shape the current debate about economic policy and the role of government:

David Ricardo, Principles of Political Economy and Taxation (1817).
Karl Marx, Das Kapital (Volume I, 1867), and with Friedrich Engles, The Manifesto of the Communist Party (1848).
Alfred Marshall, Principles of Economics (1890).
Joseph Schumpeter, Capitalism, Socialism and Democracy (1942).
Friedrich A. Hayek, The Road to Serfdom (1944).
Milton Friedman, Capitalism and Freedom (1962).

Contemporary readings are those that contribute to our understanding of the modern world and the ideas and debates that are the focus of current policy debates:

Milton Friedman, Money Mischief: Episodes in Monetary History (1994)
Henry Hazlitt, Economics in One Lesson (1988)
Course Handouts

Schools of Economic Thought

Web Sites

There are literally thousands of web sites that cover economic subjects. Listed below are only a few sites of general interest to students in Principles of Economics:

**Web sites of general interest to economists:**

- American Economic Association: [http://www.vanderbilt.edu/AEA/](http://www.vanderbilt.edu/AEA/)
- Economics news and commentary: [http://www.econlinks.com](http://www.econlinks.com)
- History of economic thought: [http://cepa.newschool.edu/het/](http://cepa.newschool.edu/het/)

**Web sites of key government agencies:**

- Department of Commerce: [http://www.commerce.gov](http://www.commerce.gov)

**Web sites for key economic indicators:**


**Web sites of economic and political commentary:**

- Assessments of election races: [http://www.electionprojection.com](http://www.electionprojection.com)

**Web sites of economists:**

- Greg Mankiw's Blog: [http://gregmankiw.blogspot.com](http://gregmankiw.blogspot.com)
- Marginal Revolution: [http://www.marginalrevolution.com](http://www.marginalrevolution.com)
- Café Hayek: [http://cafehayek.typepad.com/hayek](http://cafehayek.typepad.com/hayek)
- EconLog: [http://econlog.econlib.org](http://econlog.econlib.org)
Reference Materials


*Electronic Library Reserve*: Regent University has an extensive electronic library reserve at: http://reserve.regent.edu
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<th>Week</th>
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<td>Competing Philosophies in Political Economy, The Gains from Trade and the Nation’s Output</td>
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<td>Keynes on the Ideas of the “General Theory”</td>
<td>Q &amp; P 2: Some Key Economic Concepts and Terms</td>
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<td>8-Sep</td>
<td>The World Economy, Global Demographic Trends, The U.S. Economy</td>
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<td>McCraw on Schumpeter, Bastiat and the Petition of the Candlemakers</td>
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<td>Demand and Supply in the Marketplace, Elasticities and the Role of Prices</td>
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<td>Hayek on Individualism and Collectivism</td>
<td>Q &amp; P 4: The World Economy and the U.S. Economy</td>
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<td>Demand and the Consumer, Supply and the Costs of Production</td>
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<td>Schumpeter on the Role of Prices</td>
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<td>Monopolistic Competition and Oligopoly, Technological Advance and Resource Demand</td>
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<td>Williams on The Role of Profits</td>
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<td>Technological Advance and Resource Demand, Factor Markets and Earnings, Income Inequality and Poverty</td>
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<td>Marx and Engels and the Communist Manifesto</td>
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<td>20-Oct</td>
<td>Spring Break, Income Inequality and Poverty</td>
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<td>The Public Sector and Externalities, Classical Macroeconomics</td>
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<td>Buchan &amp; Wagner on Classical Economics</td>
<td>Q &amp; P 10: Factor Markets, Inequality and Poverty</td>
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<td>Government Finances, The Tradeoff Between Inflation and Unemployment, Fiscal and Monetary Policy</td>
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<td>The Current Outlook for the U.S. Economy</td>
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