

REGENT UNIVERSITY
Robertson School of Government

Government 602: Principles of Economics

Spring 2008

Business 614: Managerial Economics and Decision Analysis

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Office hours: Tuesday and Thursdays, 2:00-4:00 pm and by appointment

Course Syllabus ¹

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.

Course Outline

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Version 1.4 (October 2007). Subject to change.

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).

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 B land, labor, capital and knowledge B 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 taxpayer, 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).

The third part of the course surveys macroeconomics, and covers Classical and Keynesian macroeconomic theory 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 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 and the creation of money (How does the financial system of a modern economy work, and how does Federal Reserve effect the economy);
- 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 fourth part of the course looks at the public sector and the role of government:

- The role of government and public policy in the modern economy (The efficacy of fiscal and monetary policy, regulatory policy, income maintenance policies, and international economic policies);
- 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);
- Questions of public policy such as poverty, Social Security, and health care (Debates about economic policies and the effectiveness of governmental solutions to the problems before the nation). And

The final part of the course focuses on the debate over economic policy and the best approach to dealing with problems before any economy:

- 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 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* of 1000-1500 words 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

Textbook: Gregory N. Mankiw, *Principles of Economics* (Fourth edition) (Mason, Ohio: Thompson South-Western, 2006)

Assigned readings: A list of supplementary readings is given in the Course Resources note posted on Blackboard.

Recommended reading: *New York Times*, *Wall Street Journal*, *Financial Times*, *The Economist* of London, and a weekly business publication such as *Business Week*.

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.

Style manual: Kate L. Turabian, *A Manual for Writers of Term Papers, Theses, and Dissertations*, 6th ed. (University of Chicago Press, 1996) ISBN: 0226816273.

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 strives 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

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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.