

## **Economics 150, Applied Principles of Economics**

Fall 2022

Bates College

Paul Shea

**Class Times:** Tuesday and Thursday, 1:10-2:30 PM

**E-mail:** pshea@bates.edu

**Office Hours:** TBA. In-person unless otherwise announced.

**Office:** 270 Pettengill.

**Course Website:** [www.paulshea.com](http://www.paulshea.com). This site includes lecture notes, class announcements, readings, and assignments. I will use Lyceum only to post grades.

**Masking:** Unless superseded by College policy, masking is optional in the classroom.

**Course Description:** This course provides an introduction to topics in both microeconomics and macroeconomics, and to economic methodology. It is appropriate for students who are trying to decide if they want to pursue further study in economics, for those who want some preparation before beginning the Economics major and, crucially, for non-econ majors who just want to learn some economics.

The first half of the course covers foundational topics in microeconomics including supply and demand, market structure, and market failures. The second half of the provides an introduction to macroeconomics including the labor market, inflation, and monetary policy.

What about the “Applied” in the course title? This reflects an important goal of the course: students should be able to use the material and methods of the class to better understand current economic issues. Most Thursdays (excluding exam days), we will take some time to discuss the

economics behind some current event. Recent examples include why has inflation become such a problem, and what are the costs and benefits of a higher minimum wage? This may entail covering background material out of order.

I will judge my success in teaching this course by whether students meet the following objectives:

1. Students will have a solid understanding of the relationships among microeconomics, macroeconomics, theoretical economics, and empirical economics.
2. Students will have a strong introduction to economic methodology and an understanding of how the discipline is currently practiced.
3. Students will understand foundational microeconomic topics including supply and demand.
4. Students will acquire a basic understanding of the determinates of short and long-term macroeconomic performance.
5. Students will develop their skills in collecting, manipulating, and interpreting economic data.

**Prerequisites:** There are no course pre-requisites. Competence at simple algebra is recommended.

**Textbook:** There are a large number of, mostly similar, Introductory Economics books. We will use the following open source book as a reference:

Taylor, Timothy, Greenlaw, Stephen, and Eric Dodge. 2017. *Principles of Economics- 2e. Open-Stax.*

I do not plan on following this textbook particularly closely. I will use my own class notes and I will provide them to you on the course website.

**Supplemental Materials:** I will post my class notes on the class website. In addition, I will post practice problems and answer keys for each topic that we cover in class.

**Assignments:** Your grade consists of two components: homework and exams.

i) Periodic homework assignments will count for 20% of your grade. There will be four of these over the semester. Each student must submit three. If a student submits all four, only the first three will be graded.

ii) Exams will comprise the remaining 80% of your final grade.

a) A midterm, in class, on Thursday, October 13.

b) A midterm, in class, on Thursday, November 17.

c) A comprehensive (covering all course material) final, on Thursday, December 15 from 3:45-5:45 PM. **Do not make travel arrangements during this time**, you will not be able to take it at a different time.

**All exams are open note.** You may bring any printed materials that you wish. Electronic devices, however, are prohibited. You will not need a calculator.

All students must take the final. **You have the choice of taking one or two of the midterms.** If you choose to take one, the midterm will count for 35% of your grade and the final will count for 45%. If you choose to take two midterms, each will count 25% of your grade and the final will count for 30% of your grade.

If you hand in a midterm and it is graded, it will count in your final grade. You cannot retroactively choose not to count one of the midterms. You may, however, choose to pass on an exam after it starts, as long as you not submit it.

Improvement policy. If either the second midterm or final are a full standard deviation (see the grade appendix) better than the first midterm, half the weight of the first midterm will be moved to the exam with the better grade. If both the second midterm and final are a full standard deviation better, then half the weight of the first midterm will be moved to the exam with the best score.

**Attendance and Zoom:** There is no attendance policy and students need not notify me of absences, excluding on exam days. This class is in-person. Students may not attend via zoom nor will class be recorded except in exceptional and temporary circumstances approved by the Office of Accessible Education.

**Missed Assignments:**

Exams may be taken at the testing center (with approval from the Office of Accessible Education). If a student is quarantined and able, arrangements may also be made for them to take the exam remotely at the same times as the rest of the class. Students traveling for athletic or other college events may also arrange to have their exams proctored.

**Students may not take an exam early.** Note that I will not supply the Office of Accessible Education with the exam until just before its scheduled time. Even if they allow you to schedule it early, you will not be able to take it.

If a student misses a single midterm, then they will default to the 35-45% grading option. No documentation is required.

If a student misses the final, they must provide documentation (*e.g.* a health care provider's note for a medical issue). The makeup will be a term paper.

Because students are only required to complete three homework assignments, late homework assignments will not generally be accepted.

**Academic Dishonesty:** I will pursue any instances of academic dishonesty. Historically, I have been very aggressive in investigating and sanctioning cheating. The College has adopted the following language on academic dishonesty. I support this policy and re-print it here:<sup>1</sup>

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<sup>1</sup>Auer, Matthew R. "Tips for incorporating academic integrity info into your syllabi." E-mail to Bates Faculty. 6 Aug. 2014.

Academic integrity is fundamental to learning, scholarship, and indeed all dimensions of academic life. At its simplest, this means that the work you submit must be your own unless collaboration is specifically allowed, that you use only those resources allowed; that you express yourself in your own words unless you are quoting, and that you properly acknowledge and cite the ideas, information, and other work that you used or that contributed to your understanding.

Your academic work is governed by The Bates College Statement on Academic Integrity, found here at:

<http://www.bates.edu/entering/policy/judicial-affairs/code-of-student-conduct/academic-misconduct/>,

and by any additional standards I set in this syllabus or in individual assignments. The Statement on Academic Integrity provides a fuller discussion of academic integrity and definitions of plagiarism, misuse of sources, and cheating. You are responsible for reading the Statement carefully and abiding by its terms.

Violations of academic integrity are serious and can result in severe consequences at both the course and college levels. Depending on the circumstances of the violation, I will assign a failing grade for the assignment and/or the course, require work to be redone, and/or impose other consequences; in addition, I will refer the matter to the Dean of Students for possible institutional action. Procedures for suspected violations are explained here:

<http://www.bates.edu/entering/policy/judicial-affairs/>.

If you have any questions or concerns about what is expected or permissible in this course or about academic integrity in general, please contact me.

If you are unsure about issues of academic integrity, just ask.

**Students with Learning Disabilities:** Students may receive accommodations through the Office

of Accessible Education. The student is responsible for making these arrangements. You need not notify me:

i. If you qualify for an accommodation, you should reach out to the Office of Accessible Education early in the semester.

ii. Only the Office of Accessible Education may authorize an accommodation. I am not qualified to do so and will not do so.

iii. If you qualify for an accommodation during exams (*e.g. extra time*), it is your responsibility to make arrangements to take the exam at the Office of Accessible Education. **If you show up to the classroom expecting extra time, you will not get it.**

**A Very General Outline, Subject to Change:**

**Note:** In addition, on most Thursdays, we will discuss the Economics behind an ongoing current event.

I. Introduction to Economics: Scarcity and Trade-offs.

II. Supply and Demand.

III. Elasticities and Costs.

IV. Market Structure.

V. Market Failures.

VI. Trade.

VII. Macroeconomic Concepts.

VIII. Money and the Fed.

IX. The Labor Market.

X. Aggregate Output and Inflation.

XI. The Short Run.

XII. The Long Run.

## How Grading Works in ECO 150:

1. Most high schools classes and some college courses use fixed grading scales where, for example, 90-100=A, 80-90=B, etc. **There is no such scale in ECO 150.** If your final raw score is 77%, it could theoretically work out to be any letter grade. Fixed grading scales offer the benefit of being simple. Their downside is that they are arbitrary. If exams are harder than the instructor expects, for example, then it may become extremely hard to earn a good grade.

2. Students sometimes ask if the course is curved. A grade curve is when the instructor fits grades to a pre-determined distribution. I might, for example, decide that 10% of the class will receive an *A*. **There is no such curve in ECO 150.** I do not use a firm curve because two students with nearly identical scores might receive different grades. The last *A-* may, for example, be just a single homework point better than the first *B+*.

3. In recent years, in Introductory Economics courses at Bates, the course average has been slightly below a *B*. This isn't a rule, but most likely the average in this class will be somewhat close to this as well. If the class is unusually strong (weak) in my opinion the distribution will be more (less) generous.

4. I don't know what the average will be on exams. It is usually around 70-75% but could be higher or lower depending on the difficulty of the exam and the way I grade it. This does not mean that the "average was a C." Once again there is no fixed scale.

When you receive your exam scores, make sure to compare it to the class average and standard deviation. As a general rule, two standard deviations above the mean is glorious and magnificent, one standard deviation above is very good, zero is, by definition, average, one standard deviation below is bad, and two standard deviations below is in danger of failing.

5. This gets a bit technical so go to #9 if you don't care. The exams may not be equally difficult. To avoid penalizing students who count harder exams, I plan to convert them to standard deviations from the mean (sometimes called "z-scores"). Suppose that Timmy has taken all three exams. On



the first midterm, he finished  $\frac{1}{2}$  standard deviation above the mean, and he scored  $\frac{1}{3}$  below on the second midterm. On the final, he scored a standard deviation above. His overall exam score is then  $0.25 * \frac{1}{2} - 0.25 * \frac{1}{3} + 0.30 = 0.342$ , which will comprise 80% of his grade.

6. Homework assignments usually have small standard deviations. I thus will thus simply average your three completed assignments. If Timmy receives graded of 90%, 95%, and 100%, his overall homework score, comprising 20% of his grade, will be 95%.

7. The next step is to scale the homework score. I will use my judgment on how to do this. Suppose, for example, I choose 100%=1, 90%=0, 80%=-1, etc. Timmy's homework score is then 0.5.

8. Timmy's raw score is then  $80% * 0.342 + 20% * 0.5 = 0.3734$ . I will then sort students by their raw scores and decide where to put grade cutoffs. The gradebook might look like this:

Table 1: Fake ECO 150 Gradebook

Student	exams	hw	raw	letter grade
Elijah	.35	.5	.38	B+
Garrett	.36	.4	.37	B+
Timmy	.34	.4	.37	B+
Corey	.30	.4	.32	B
Braxton	.31	.3	.31	B
Denzel	.3	.3	.3	B

Elijah, Garrett, and Timmy end up with similar scores. They thus receive the same grade. There is, however, a significant gap between Timmy and the next three students. This is a natural place for a grade cutoff. The goal is for students with similar levels of performance to get the same grade.

9. If you are confused, I will provide updates with an approximate letter grade after each of the midterms to give you a clear idea of where you stand.

10. Your grade is entirely a function of your performance on the exams and homework assignments. It does not depend on your effort, what grade you need, your personality,...

11. I am always happy to explain how a grade was calculated or meet with students to discuss ways to improve. I will only consider changing a grade, however, in cases of grading errors. If you believe that a mistake has been made, please email me explaining why within two weeks of the assignment having been returned.