

The University of Texas-Pan American  
Department of Economics and Finance  
College of Business Administration

**Principles of Economics I (ECON 2301.03)**

Fall 1998

T-Th 10:35-11:50am, BUSA 110

Dr. José A. Pagán

Office: Business Administration Bldg. #218C

Office Hours: M 2:00-3:00pm; T-Th 8:10-9:10am

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**Required Materials:**

Arnold, Roger A. (1998). *Economics* (4<sup>th</sup> Edition). Cincinnati, OH: South-Western.

**Philosophy and Goals:**

The purpose of this course is to introduce you to the main concepts of macroeconomics. Macroeconomics considers human behavior and choices as they relate to highly aggregated markets. The main focus of the course will be on gaining an understanding on how markets work and how macroeconomics can be applied to analyze policy issues.

**Performance Objectives:**

1. To gain a basic understanding of macroeconomic theory issues, e.g., what are the causes and the effects of inflation? What are the factors that change aggregate demand and aggregate supply?
2. To apply macroeconomic concepts to social and economic problems.
3. The student should learn to utilize basic tools of economic analysis.

**Computer Integrations:**

You will be expected to participate in the Iowa Electronic Markets (IEM) as an active trader. The IEM is a menu-driven, computerized futures market where contract payoffs depend upon real-world events such as political outcomes, company's earnings per share and stock price returns. As a participating institution in the IEM\*IDEA Project, UTPA students enrolled in this course will be able to get \$5.00 accounts to trade in the IEM; however, if you are interested in trading larger sums, you can invest up to \$500 in your account. Check the IEM web page for markets' details (<http://www.biz.uiowa.edu/iem>).

**Oral and Written Communication Skills Integrations/Global Awareness Integrations/Analytical Thinking Skills:**

Your course assignment consists in keeping a journal with at least two weekly entries of your IEM trades. I will review your journal every four weeks and each journal entry should include: the trading date, the total number of contracts traded, and the rationale followed to buy/sell each contract. You are also required to turn in a portfolio valuation for your account every four weeks. We will be holding an IEM tutorial session in a COBA computer lab in a few days.

**Performance Measures/Reward System:**

Your grade will be determined by four exams and the IEM assignment. You will be able to drop the lowest grade exam (i.e., no make-up tests will be given).

Each exam will be worth 100 points (for a total of 300 points) and the IEM assignment 40 points. The reward system is as follows:

306-340 (A)

272-305 (B)

238-271 (C)  
204-237 (D)  
0-203 (F)

**Course Outline:**

The class discussions and lectures will follow the book structure and some selected readings that I will distribute in class. The weekly schedule is as follows:

1. Sept. 1, 3                      Scarcity, Choice, Introduction to Economic Analysis (Chp. 1)
2. Sept. 8, 10                    Specialization and Trade, Production Possibilities (Chp. 2)
3. Sept. 15, 17                  Supply and Demand (Chp. 3)
4. Sept. 22                        Markets and Equilibrium (Chp. 3)  
  
**Exam 1**, Thursday, September 24
5. Sept. 29, Oct. 1                Major Economic Goals (Chp. 4)
6. Oct. 6, 8                        Aggregate Demand and Aggregate Supply in the Short Run (Chp. 5)
7. Oct. 13, 15                    Aggregate Demand and Aggregate Supply in the Long Run (Chp. 6)
8. Oct. 20                         Economic Instability (Chp. 7)  
  
**Exam 2**, Thursday, October 22
9. Oct. 27, 29                    Fiscal Policy (Chp 8)
10. Nov. 3, 5                      Money and Banking (Chp. 9); The Federal Reserve System (Chp. 10)
11. Nov. 10, 12                  Money and the Economy (Chp.11); Monetary Policy (Chp. 12)
12. Nov. 17, 19                  Expectations Theory (Chp. 13)
13. Nov. 24                        **Exam 3**, Tuesday, November 24
14. Dec. 1, 3                      Economic Growth (Chp. 13); International Impacts on the Economy (Chp. 15)
15. Dec. 8                         Taxes, Deficits, and Debt (Chp. 16)  
  
**Final Exam**, Wednesday, December 16, 7:45-9:30am

If you have a documented disability which will make it difficult for you to carry out the work as I have outlined and/or if you need special accommodations/assistance due to the disability, please contact the Office of Services for Persons with Disabilities (OSPD), Emilia Ramirez-Schunior Hall Rm. 100, immediately. Appropriate arrangements/accommodations can be arranged.