

Stony Brook University (SUNY)
ECO 108 Introduction to Economics

Lecture: Monday and Friday 1:00—2:20pm, Psychology A 137

Instructor: Bora Yunn

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Office: N651, SBS Building

Office Hours: 2:30pm-4:30pm on Fridays

Recitations: R15(M), R16(W)

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Office Hours: 2:00-4:00pm on Thursdays

Course Description: In this course, we study the key basic concepts in microeconomics and macroeconomics. First, we develop economic theory of firms and consumers and their interactions in markets. From these primitives, we derive supply and demand and solve for the competitive equilibrium allocation of the free market. We define notions of efficiency and prove one of the central results in economics, the First Welfare Theorem. This result is that under certain conditions the free-market allocation is efficient. That is, under certain conditions the market maximizes the size of the social pie. Next we consider the effects of government policies and determine how these policies affect both the size of the pie and its distribution across individuals in the economy. Next we introduce the concepts of externalities and monopoly and show how these situations lead the first welfare theorem to break down. Second, we learn about the basic tools in macroeconomics including Gross Domestic Product (GDP), money, inflation, unemployment, role of central banks, saving and investment, trade deficits, exchange rates, and fiscal and monetary policies. Basic macroeconomic tools and concepts are essential in understanding the “economic way of thinking” in a world with an increasingly open global economy. The concepts offer important insights into a variety of social, economic, and country interactions. We try to emphasize the fact that economic problems can be viewed from many angles, and can be remedied in different ways, depending on the existing conditions and the underlying philosophy. Economic problems are presented not in an isolationist context, but in an open and global setting, and almost all current economic decisions are made in the context of a global framework.

Prerequisites: C or higher in MAT 122 or MAT 123 or AMS 151 or level 4 on the mathematics placement examination.

Textbook: The textbook for this course is N. Gregory Mankiw, *Principles of Economics, 8th Edition*, Cengage Learning. We will be unable to cover the book in its entirety and I may deviate from the material in the book if I deem it instructive. You will only be responsible for material that we cover in lecture, recitation, and homework. In addition, during the semester, I will upload PDF documents that will expand on materials taught in lectures if necessary.

Recitations:

R15: M, 12:00–12:53pm, Physics P127

R16: W, 12:00–12:53pm, Chemistry 128

Evaluation and Grading: Evaluation will be based on:

| Course Component | Weight(Percent) |
|------------------|-----------------|
| Homework | 15 |
| Midterm 1 | 25 |
| Midterm 2 | 25 |
| Final | 35 |
| Total | 100 |

Homework Assignments: There will be five homework assignments. Homework will be collected at the **beginning** of lecture on the due date. **No late assignments will be accepted.** All assignments will be available online at the class webpage on Blackboard. Lowest homework score will be dropped to allow for some flexibility. Thus, you will have four homework assignments that count towards your final grade. Assignments are not required to be typed (although learning to use something like LaTeX wouldn't be a bad skill to learn), but all assignments must be neatly done. Assignments are to be turned in on the assignment sheet itself. If you need more space than is provided, provide your work on a separate sheet of paper (do not staple your scratch paper). Graphs and numerical calculations may be handwritten, but must be neat and legible. Only documented special circumstances (e.g. severe illness with doctor's note- TA's discretion whether to accept) are possible exceptions to this. If you cannot attend class on the due date, you must arrange with your TA to turn it in early. You will lose 10 points if you do not staple your homework and 20 points if it is nearly illegible.

Exams: There will be two midterm exams and one final exam, with weights for your overall grade explained below. Students must complete their exam within the time given. You will be asked to stand up and turn in your exam at the completion. Anyone continuing to work will lose points. Being asked to stop multiple times could invalidate your exam.

In case you miss one exam due to an acceptable reason, 70% of the points you receive from the highest of the other two exams will become the score for the missed one. If you miss more than one exam, you will have to retake the course.

Note that this is a course with EVENING exams. Please note that there is **NO** Midterm on 12/10. The schedule of exams are as follows:

- Midterm 1: October 3rd, 8:45pm-10:15pm
- Midterm 2: November 7th, 8:45pm-10:15pm
- Final: December 17th, 2:15pm-5:00pm

No make-up exams. All exams are closed book, closed note, only non-programmable calculators allowed. In case of emergency or documented absence, contact your TA BEFORE the exam.

You are allowed to write the exam in pen or pencil, but if there is anything you need to dispute in terms of a grading error, you must write the exam in pen, not pencil. If you wish to dispute a grade, this must be done **within one week** of receiving graded material. In order to do so, you can submit a brief statement in writing explaining your concern or why you think a reconsideration of your work is appropriate. Exams are not returned, but you will always be able to come during office hours to discuss your grades and how you can improve on the material.

Blackboard: Supporting materials, assignments, solutions, and other class documents will be available online, at <https://blackboard.stonybrook.edu/> If you are experiencing difficulties logging in

to Blackboard or any other technical issues associated with Blackboard, you can obtain support by:

- Phone: (631) 632-9602
- Email: helpme@stonybrook.edu
- Live Chat: <https://it.stonybrook.edu/services/tlt-student-help-desk>

Student Accessibility Support Center: If you have a physical, psychological, medical or learning disability that may impact your course work, please contact *Student Accessibility Support Center*, ECC (Educational Communications Center) Building, Room 128, (631) 632-6748. They will determine with you what accommodations, if any, are necessary and appropriate. All information and documentation is confidential.

Academic Integrity: Each student must pursue his or her academic goals honestly and be personally accountable for all submitted work. Representing another person's work as your own is always wrong. Faculty is required to report any suspected instances of academic dishonesty to the Academic Judiciary. Faculty in the Health Sciences Center (School of Health Technology & Management, Nursing, Social Welfare, Dental Medicine) and School of Medicine are required to follow their school-specific procedures. For more comprehensive information on academic integrity, including categories of academic dishonesty please refer to the academic judiciary website at http://www.stonybrook.edu/commcms/academic_integrity/index.html

Critical Incident Management: Stony Brook University expects students to respect the rights, privileges, and property of other people. Faculty are required to report to the *Office of University Community Standards* any disruptive behavior that interrupts their ability to teach, compromises the safety of the learning environment, or inhibits students' ability to learn. Faculty in the HSC Schools and the School of Medicine are required to follow their school-specific procedures. Further information about most academic matters can be found in the Undergraduate Bulletin, the Undergraduate Class Schedule, and the Faculty-Employee Handbook.

Tentative Schedule: This schedule is tentative and subject to change. Always check the schedule on the course website to verify the material covered that week. Topics covered in lecture could include material not in the book. There may be questions on the exams about these.

| Date | Topics |
|--|--|
| Week 1 (8/27, 8/31) | - Intro/Demand and Supply - Elasticity |
| Week 2 (9/7) | - Producer, Consumer, and Total Surplus - The Adam Smith Theorem |
| Week 3 (9/10, 9/14) | - Taxes - Price Controls Homework 1 Due 9/14 |
| Week 4 (9/17, 9/21) | - Cap and Trade - Externalities - Public Goods and the Commons Problem |
| Week 5 (9/24, 9/28) | - Consumer Theory Homework 2 Due 9/28 |
| Week 6 (10/1, 10/5), Midterm 1 on 10/3 | - Costs of Production - Firms in Competitive Markets |
| Week 7 (10/12) | - Monopoly |
| Week 8 (10/15, 10/19) | - Markets for the Factor of Production - Aggregate demand, supply and equilibrium |
| Week 9 (10/22, 10/26) | - Economic Statistics - Economic Growth Homework 3 Due 10/26 |
| Week 10 (10/29, 11/2) | - Growth Policies - Business Cycles |
| Week 11 (11/5, 11/9), Midterm 2 on 11/7 | - Interest Rates and the Economy - Money |
| Week 12 (11/12, 11/16) | - Monetary Policy Homework 4 Due 11/16 |
| Week 13 (11/19) | - Fiscal Policy |
| Week 14 (11/26, 11/30) | - Inflation - Unemployment Homework 5 Due 11/29 |
| Week 15 (12/3, 12/7) | - International Trade |
| Week 16 (12/10) | - Exchange Rates |
| Week 17 Final on 12/17 | CUMULATIVE |