FOUNDATIONAL STUDIES PROGRAM – DISCIPLINARY LENS COURSE

Boise State’s Foundational Studies Program provides undergraduates with a broad-based education that spans the entire university experience. Economics 202 satisfies 3 credits of the Foundational Studies Program requirements. It supports the following University Learning Outcomes, along with a variety of other course-specific goals:

ULO 11. Apply knowledge and methods of inquiry characteristic of the social sciences to explain and evaluate human behavior and institutions.

This course helps to achieve the goals of the Foundational Studies Program by focusing on the following course learning outcomes. After successful completion of this course, you will be able to:

1. Understanding of historical and/or cultural forces: familiarity with major US and international economic institutions.
2. Responsibility, personal reflection: ethical issues in microeconomics relates to personal responsibility.
3. Reasoning, inquiry, and problem-solving: critical thinking, and express economic relationships to predict the consequences of changes in relevant variables.

PREREQUISITES
Admission to or Permission from Honors College.

TEXTS AND STUDY MATERIALS
Required texts for this course are:

Heyne, Boettke, and Prychitko, The Economic Way of Thinking, 12th edition, 2010

Other readings will be assigned or recommended during the semester; those which are not available from the internet will be copied and distributed in class. Powerpoint slides for some lectures may be posted on the net via the course webpage. Please note that I do not use Blackboard.
COURSE OBJECTIVE AND FOCUS
The primary objective of this course is to develop the student’s ability to “think economically.” This main objective is pursued by the introduction of basic economic principles to understand economic behavior, and the application of these tools to the issues of market behavior. Emphasis is upon the economics of choice, production, exchange, competition and monopoly. Consideration will be given to the impact of legal, social, ethical, and political influences on markets.

THE POSITIVE BIAS OF ECONOMICS

"The Theory of Economics does not furnish a body of settled conclusions immediately applicable to policy. It is a method rather than a doctrine, an apparatus of the mind, a technique of thinking which helps its possessor to draw correct conclusions."

– J.M. Keynes

Paul Heyne notes that “the economic way of thinking is a biased perspective. It does not offer an unprejudiced view of society, in which all the facts are presented and all interests are given the same weight.” Indeed, everyone engaged in the search for knowledge of any kind necessarily begins with preconceptions of what is important and what is not, what is true and what is not, and what is useful and what is not. To the extent a student comes to understand economics, he will become biased in the same way as other economists and will look at the world in a way much different from non-economists. We should note that non-economists are also biased in their understanding of economics, and in this course the student will learn how such biases lead to errors in analyzing economic activity. This does not mean that any two economists will completely agree on “how the economy works.”

NORMATIVE BIAS AND ECONOMIC POLICY

Much of modern economics is a consideration of what government “ought to do,” if anything, in achieving widely accepted economic goals. The question of one’s support for a particular government action will, of course, depend upon one’s preferences and interests, as well as one’s understanding of how the economy works. But beyond that, one’s basic ethical and political views will come into play. It should be of no surprise, then, that it is possible that even if two economists had identical views of the workings of the economy, they might disagree on the propriety of a particular government action.

INSTRUCTOR EXPECTATIONS OF STUDENTS

Students are expected to read the appropriate readings prior to lecture and discussion. Each class will begin with the interrogatory: “Are there any questions?” This is the student’s opportunity to ask questions over material previously covered, about the material under current discussion, or general economic matters. Students are expected to conduct themselves in a manner amenable to the learning process, treating one another with respect. Students are encouraged to form study groups among themselves, assist one another in mastering material, and provide one another with missed notes.

Please read the handout on Classroom Conduct and Expectations that appears on the course website.
GRADING
The final course grade will be based upon weekly problem sets, a term paper, class participation, and four exams.

The graded assignments are:
(1) fourteen weekly problem sets worth a total of 300 points;
(2) term paper worth 150 points;
(3) class participation worth 250 points;
(4) four exams (each worth 150 points) for a total of 600 points.

Total graded points are 1300. The following grading scale will be used:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Range</th>
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<tbody>
<tr>
<td>A+</td>
<td>1254 – 1300 points</td>
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<tr>
<td>A</td>
<td>1164 – 1253 points</td>
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<tr>
<td>B+</td>
<td>1125 – 1163 points</td>
</tr>
<tr>
<td>B</td>
<td>1034 – 1124 points</td>
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<tr>
<td>C+</td>
<td>995 – 1033 points</td>
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<tr>
<td>C</td>
<td>904 – 994 points</td>
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<tr>
<td>D</td>
<td>774 – 903 points</td>
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<tr>
<td>F</td>
<td>0 – 773 points</td>
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PROBLEM SETS
Each Thursday a problem set will be assigned in class (as well as emailed to your Broncoweb email address) and a due date (typically before the next class period) assigned. Each assignment will be worth 25 points. The two lowest scores will be dropped in calculating the total points for the final grade. Problem sets may be turned in as either hard copy or electronically in either pdf or word document form. Electronic submissions in any other form will have points subtracted.

EXAMS
There will be 4 exams. The dates for the first three exams are tentative. Each exam will consist of multiple choice and short-answer questions, and each exam will be worth 150 points. The last exam is not a comprehensive, but it is a cumulative exam, in the sense that later material builds upon earlier material.

The first exam is tentatively scheduled for Thursday, February 14.
The second exam is tentatively scheduled for Thursday, March 14.
The third exam is tentatively scheduled for Tuesday, April 16.

The fourth exam is the scheduled final exam, Thursday, May 16, 2:30 – 4:30 pm.

TERM PAPER
The term paper is to be double-spaced, typed, and in font size no larger than 12. Margins should be 1” on top, bottom, and both sides. The paper must have a separate title (cover) page, endnote page, and bibliography page. Excluding the title page, endnote page(s), and bibliography, the paper is to be 10-12 pages in length. The paper should draw on at least 6 sources, of which at least 4 are not from the internet.

The term paper should be research into a topic related to macroeconomics. Such a paper could consist of a review of literature on a particular subject or question; an investigation of a topic applying economic tools you have learned in class; an essay on the historical
development of a tool or idea; an essay on the contributions of a particular economist; an overview of a field of economics.

The topic for your term paper first must be approved by the instructor. Topic choice should be approved on or before **Tuesday, February 19**, and a brief outline of your paper is due on or before **Tuesday, April 2**.

This paper is due **Tuesday, April 23**. Please submit this paper as both a hard copy and a word or pdf file.

An extended discussion of what constitutes different grades on papers is provided on the course webpage.

**DO NOT USE “OPEN SOURCE” INTERNET SOURCES AS REFERENCED SOURCES IN PAPERS.** You should always be wary of “open source” internet source or any internet source which is not clearly identified as to its authorship or provenance; an example of the former is Wikipedia ([http://en.wikipedia.org/wiki/Main_Page](http://en.wikipedia.org/wiki/Main_Page)) and an example of the latter is the entry on Turgot from Question.com ([http://www.question.com/link/Turgot-A.html](http://www.question.com/link/Turgot-A.html)) which is actually a plagiarized entry from The Columbia Electronic Encyclopedia, 6th ed. Copyright © 2004, Columbia University Press.

**CLASS PARTICIPATION**
Each class will devote a substantial portion of time to answering end of chapter questions and/or discussing specific questions appropriate to the tools covered in lecture. Students should be prepared to answer and ask questions!

Participation in classroom discussion is encouraged and expected. See Getting an “A” in Class Participation on the course website.

**RESOURCES**
There are a wide variety of resources available to the student of economics. A familiarity with these resources will broaden and deepen your experience in this class. A list of websites and texts may be found on the course webpage.

**MAKE-UP POLICY**
Since most of the assignments may be turned in electronically, only in cases of extended illness will make-ups be possible for those assignments. Appropriate documentation will be required. Make-ups of exams will only be granted if the instructor is contacted by email prior to the start of the class period when the exam is held.

**GENERAL POLICES**
(1) There are no extra credit projects.
(2) An incomplete will be allowed for the class only if a 70% or better average is achieved through the exam scheduled for **April 16**. To receive an incomplete requires the completion of a contract with a date certain for completion of class requirements.
(3) Withdrawal from class is the responsibility of the student.
SUMMARY OF IMPORTANT DATES

Thursday, February 14 – First exam
Tuesday, February 19 – Approval date for term paper topic
Thursday, March 14 – Second exam
Tuesday, April 2 – Brief outline of term paper due
Tuesday, April 16 – Third exam
Tuesday, April 23 - Term paper due
Thursday, May 16 – Fourth exam; 2:30 – 4:30 pm

COURSE OUTLINE AND READINGS
This outline may be adjusted as the course unfolds. Students will be notified when additional required or recommended readings are added to the syllabus; additional readings will either be posted on-line at the course webpage or handed out in class.

COURSE OUTLINE AND READINGS

I. Course Introduction
Boettke and Luther, “The Ordinary Economics of an Extraordinary Crisis”
Heyne, et. al., “The Economic Way of Thinking,” ch. 1 in The Economic Way of Thinking (EWOT)

II. Foundations of Economic Analysis
Heyne, et. al., “Efficiency, Exchange, and Comparative Advantage,” ch. 2 EWOT
Heyne, et. al., “Substitutes Everywhere: The Concept of Demand,” ch. 3 EWOT
Heyne, et. al., “Cost and Choice: The Concept of Supply,” ch. 4 EWOT

III. Coordinating Behavior
Heyne, et. al., “Supply and Demand: A Process of Coordination,” ch. 5 EWOT
Hayek, “The Use of Knowledge in Society”
Heyne, et. al., Unintended Consequences: More Applications…,” ch. 6 EWOT
Buchanan, “Order Defined in the Process of Its Emergence”

IV. Markets or Government?
Heyne, et. al., “Markets and Government,” ch. 11 EWOT
Buchanan, “Politics, Policy, and Pigovian Margins”
Boettke, et. al., “Error is Obvious, Coordination is the Puzzle”
The Financial Crisis: Boettke, “What Happened to 'Efficient Markets’”
Krugman, “How Did Economists Get It So Wrong?”
Cochrane,”How did Paul Krugman get it so Wrong?”
Colander, “How Economists Got It Wrong: A Nuanced Account”
V. **Macroeconomics –Coordinationist and Orthodox**
Heyne, et. al., “Measuring the Overall Performance…,” ch. 12 EWOT
Mankiw, ch. 10, 11, and 15
Mankiw, ch. 12
Heyne, et. al., “Money,” ch. 14 EWOT
Mankiw, ch. 13, 16, and 17
Heyne, et. al., “Economic Performance and Real-World Politics,” ch. 15 EWOT
Mankiw, ch. 20, 21, and 22
Wagner, “[Boom and Bust: The Political Economy of Economic Disorder](#)”

VI. **Readings on the Crisis and Its Aftermath**
To be determined

VII. **Towards a New Macroeconomics**
Wagner, “[Austrian Cycle Theory and the Prospect of a Coordinationist Macroeconomics](#)”
Wagner, “[A Macro Economy as an Emergent Ecology of Plans](#)”
Wagner, “[Viennese Kaleidics](#)”

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### College of Business and Economics Required Information
**Core Curriculum Student Learning Goals and Objectives**
**ECON 201**

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<thead>
<tr>
<th>Students in this class will learn or practice the following COBE Core Curriculum concepts, methods, and skills:</th>
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<tbody>
<tr>
<td>1. Understand and apply analytical and disciplinary concepts and methods related to business and economics:</td>
</tr>
<tr>
<td>✔️ 1.3. Economics</td>
</tr>
<tr>
<td>✔️ 1.6. International environment of business</td>
</tr>
<tr>
<td>❑ 2.1. Communicate effectively: Write messages and documents that are clear, concise, and compelling</td>
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<tr>
<td>❑ 2.2. Communicate effectively: Give oral presentations that use effective content, organization, and delivery</td>
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<tr>
<td>✔️ 3. Solve problems, including unstructured problems, related to business and economics</td>
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<tr>
<td>❑ 4. Use effective teamwork and collaboration skills</td>
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<tr>
<td>❑ 5. Resolve ethical issues related to business and economics</td>
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