University of Hawaii  
ECON 131 Principles of Economics (Section 002)  
Fall 2005

Instructor: Professor Hong K. Sohn, BEcon MBA MSc Ph.D.  
Office Hours: Tuesdays 2-3pm  
Office: Saunders Hall 542 (Econ Dept)  
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Credits: 3  
Class times: TTh 7:30-8:45am  
Lecture room: Arch 205  

COURSE DESCRIPTION

The course introduces students to the basic topics of macroeconomics- the study of the overall economy. Topics include the determination of national income, inflation, unemployment, and income inequality; economic growth; business cycle; role of government policy in economic growth and stability; financial markets and monetary policy; taxes, budget deficits, trade imbalances, exchange rate, and balance of payments.

COURSE GOALS

Students will learn the basics of economic measures and concepts of macroeconomics. Students will be able to describe and understand the overall economy of the nation. Students will make generalizations and predictions within the economic structure.

COURSE OBJECTIVES

To meet the course goals, students will be able to demonstrate

- Understanding of the basic elements of the economic model including  
  Measuring the level of economic activity  
  The goal of economic stability  
  Measuring the performance of the economy  
  Economic growth, inflation, unemployment, the balance of payments  
  Gross domestic product, the transactions table  
  Price and Quantity index numbers  
  The consumer price index  
  A simple model of income determination

- Ability to apply basic elements of economic knowledge to assessing and predicting the performance of the US economy.
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COURSE REQUIREMENTS

As future professionals, students are required to attend class regularly, arrive on time, listen attentively, participate actively in discussions, and submit assignments on time.

Students should carefully read the newspapers and listen to TV and radio comments and discussions, when material being examined refers to those economic variables discussed in the class. Such variables include:
- how the US economy is performing in terms of the level of economic activity
- the inflation rate measured by the consumer price index
- the unemployment rate and the number of unemployed persons
- the latest deficit on the current account of the balance of payments
- the latest level of the nation’s net external debt.

Students are required to comply with the academic honesty policies and procedures of the university.

ASSESSMENT CRITERIA

Class Test 1 (Sept 27) (Chapters 1 - 5) 20%
Class Test 2 (Oct 25) (Chapters 6 - 9) 20%
Final exam (Dec 13) (Chapters 10- 16) 40%
Five (5) Project Assignments (Due dates: 9/15, 9/29, 10/13, 11/3, 12/1) 10%
Term Paper (Due date: 12/8 Noon) 10%

Total 100%

COURSE SCHEDULE

Students are required to complete the assigned readings before the class dates on the schedule, and review after lectures.

Week 1 (Aug 23/25) Chapter 1
  Introduction, Scope of the Course

Week 2 (Aug 30/Sept 1) Chapter 2
  The Production Possibilities Frontiers (PPFs), Economic Systems

Week 3 (Sept 6/8) Chapter 3
  Supply and Demand, Market Equilibrium

Week 4 (Sept 13/15) Chapter 4
  Macroeconomic approach for Performance measures of the economy, Variables for Performance measures
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Week 5 (Sept 20/22)  Chapter 5
  Measuring the level of Economic Activity, The Domestic Production Account
  Employment and Unemployment

Week 6 (Sept 27/29)  **Class Test 1 (Sept 27) (Chapters 1-5)**  Chapter 6
  The Monetary System, Measuring the Effects of Changes in Prices and
  Quantity on Value – Index Number Changes

Week 7 (Oct 4/6)  Chapter 7
  Macroeconomic Models, the Role of Spending

Week 8 (Oct 11/13)  Chapter 8
  Economic Growth, Productivity, The Classical Long-run Model (revisit)

Week 9 (Oct 18/20)  Chapter 8 (cont’d), Chapter 9
  Technological Change (Chapter 8), Spending shocks and Economic
  Fluctuations

Week 10 (Oct 25/27)  **Class Test 2 (Oct 25)(Chapters 6-9)**  Chapter 10
  The Short-run Macro Model, Investment Spending

Week 11 (Nov 1/3)  Chapter 10 (cont’d) & Chapter 11
  Equilibrium GDP, Multiplier Effects, the Banking System, Money Supply

Week 12 (Nov 8/10)  Chapter 12
  The Money Market, Interest Rate

Week 13 (Nov 15/17)  Chapter 13
  Aggregate Demand (AD), Aggregate Supply (AS)

Week 14 (Nov 22/24)  Chapter 14  (Thanksgiving Day (Nov 24))
  Monetary Policy, Inflation, the Phillips Curve

Week 15 (Nov 29/Dec 1)  Chapter 15
  Fiscal Policy, Taxes, the Federal Budget

Week 16 (Dec 6/8)  Chapter 16  (Last week of Instruction)
  Exchange Rates, Macroeconomic Policy

Week 17 (Dec 13/15)  **Final Exam (Dec 13, Tues)  (Exam Period)**
  (Chapters 10 – 16)