Texas A&M University-Corpus Christi  
College of Business  
Course Syllabus  
Spring 2014

Course Number: ECON 2301.  
Triad A: TR 9:30-10:45 a.m. / OCNR-145  
- Triad Group 1A: ECON-2301.120; UCCP-1102.120; ENGL-1302.120 CRN 13800  
- Triad Group 2A: ECON-2301.121; UCCP-1102.121; ENGL-1302.121 CRN 13803  
- Triad Group 21A: ECON-2301.130; UCCP-1102.130 CRN 13806  
- Triad Group 22A: ECON-2301.131; UCCP-1102.131 CRN 13808

Course Name: Macroeconomics Principles

Instructor: David Hudgins  
Triad Team: Chelsie Hawkinson; Edward Quintana; Michelle Riley

Office: O’Connor Business Building (OCNR) 314

Phone: (361) 825-5574

Office Hours: TR 11:00-12:20 a.m.; 2:00-5:00 p.m., or by appointment

Internet:  
Homepage URL http://faculty.tamucc.edu/dhudgins  
E-mail david.hudgins@.tamucc.edu

Required Materials:  
N. Gregory Mankiw, Principles of Economics (Custom Edition), 6th edition,  
Six scantrons (form No. 882-E) and a pencil for taking quizzes and exams, calculator.

Optional Materials:  

Prerequisites: None. However, students taking remedial courses in Basic English (ENGL 0399) and/or Mathematics (MATH 0398 & 0399) are not recommended to take this course concurrently.

Instructional Methodology: Lecture, class discussions and activities, online assignments and video presentations.

COURSE DESCRIPTION

An overview of how the economy of the United States is organized and functions in a market system. Market processes are used to show how resources and incomes are allocated by households and businesses. Determination of national income, employment, prices, interest rates, and growth are the focus of simple analytical techniques. Monetary and fiscal policies are examined, including their international dimensions. Satisfies the economics component of the University core curriculum.
Learning Objectives:
By the end of this course, the students will be able to:
1. understand the subject matter of economics and its relevance to the contemporary world,
2. apply core economic principles and reasoning to real-world economic issues,
3. discuss and analyze government policy measures and their impacts on economic welfare,
4. assess the performance of the U.S. and other economies, and
5. effectively review and prepare for the Major Field Test for business majors.

Major Field Test:
The Major Field Test (MFT) is required for all students pursuing the Bachelor of Business Administration degree and will be administered in the MGMT 4388, Administrative Policy and Strategy course. To prepare for this test, business majors are advised to retain their class notes, textbooks and other relevant materials from this class and the other business core courses and to fine-tune their readiness for the MFT by completing the online MFT review available through the COB website at cob.tamucc.edu.

Relationship to the University Core Curriculum Program:
As an integral part of TAMU-CC’s Core Curriculum Program within the framework of the various curriculum perspectives outlined in the Texas A&M University-Corpus Christi Undergraduate Catalog, through its extensive coverage of related topics and other course requirements, Economics 2301 seeks to enhance students’ intellectual skills in the areas of written and oral communications, mathematical competency and critical thinking.

How Economics 2301 addresses the curriculum perspectives of the Core Program:
The analysis of contrasting views of the impact of economic policies, such as fiscal, monetary and international trade policies and of regulations such as those related to prices, banking, labor practices, social assistance program and so on, will provide Economics 2301 students with an appreciation of how individuals relate to the larger society and to the entire world.

The understanding of the operation of our free enterprise system, the economic roles of the government, consumers, businesses and other economic participants and the study of the “ethics of the marketplace” within the context of supply and demand analysis will equip Economics 2301 students with an appreciation of the principles and ethics and human interaction in the production, distribution and consumption of goods and services in our society.

Another perspective of the Core Curriculum, which deals with the relationships among abstract quantities, is addressed in Economics 2301 through the study of economic theories, which as simplifications of reality are often presented in abstract form through the use of graphs (supply and demand graphs, for example) to explain economic events or to forecast them. Additionally, related to this perspective, students in this class will learn how expectations about the future affect economic variables. Specifically, students in this class will understand how, for example, investors’ and bankers’ expectations about future inflation or about the future direction of monetary policy will affect current and future levels of prices, wages, interest rates, currency values, etc.
How Economics 2301 enhances the six Core Curriculum skills:
Throughout the course, students in Economics 2301 will have ample opportunities to enhance their proficiency in the six intellectual skills specified in the TAMU-CC Undergraduate Catalog.

The last page of this syllabus contains the topical contents and reading assignments from the textbook. Moreover, the course project compels students to do significant reading from outside sources, including the Financial Times, Economist, Wall Street Journal, other periodicals and reports on economic indicators published by government agencies such as the Department of Labor, the Department of Commerce, the Federal Reserve Board and others. These reports are widely accessible through the Internet. Exposure to economic and business terminology in these materials certainly provides students with an opportunity to further develop their reading and writing skills.

Although Economics 2301 is primarily a lecture oriented course, students do have opportunities to participate in class discussions, ask and answer questions in class and communicate with the instructor outside the classroom. Homework quizzes offer another opportunity for students to exchange ideas verbally and to enhance their listening and speaking skills.

The study of economics is not possible without critical thinking and quantitative analysis. The fundamental economic concept of “opportunity cost” and its applications in decision-making process provide Economics 2301 students with a valuable critical thinking tool. The examination of alternative economic theories and policies encourages students to evaluate the merits and drawbacks of each of them and, in this process, to sharpen their critical thinking skills. Similarly, numerical problem-solving on topics such as converting nominal into real Gross Domestic Product, estimating the rate of inflation and the rate of economic growth, the lending capacity of a bank and many other quantitative topics covered in Economics 2301 constitute effective ways through which students can improve their mathematical competency and their critical thinking skills.

Relationship to Other Coursework:
An understanding of why and how the U.S. and other economies work is necessary for one to appreciate or participate in the current policy debates. Economic considerations are pervasive in public policy debates, analysis and decisions. Consequently, a basic knowledge of the macroeconomy and the use of economic reasoning are beneficial to every field of study, more especially business related studies.
PERFORMANCE EVALUATION AND GRADING

Student performance will be evaluated on the basis of 3 exams, 4 homework quizzes, and class attendance. The material covered on examinations may include scheduled material from the text, class lecture and activities, including assignments and class presentations. Each exam and each quiz will be worth 100 points.

The following is the weight distribution of coursework for determining the overall course average:

<table>
<thead>
<tr>
<th>Coursework</th>
<th>Points</th>
<th>Weight</th>
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</thead>
<tbody>
<tr>
<td>3 Exams (equal weight)</td>
<td>20% each</td>
<td>60%</td>
</tr>
<tr>
<td>2 Media Article Assignments (equal weight)</td>
<td>10% each</td>
<td>20%</td>
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<tr>
<td>Semester Project</td>
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<td>20%</td>
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<td><strong>TOTAL</strong></td>
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<td><strong>100%</strong></td>
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</tbody>
</table>

The Official Course Grade is determined by a letter grade using the following scale: A: 90% or above; B: 80 - 89.99%; C: 70 - 79.99%; D: 60 - 69.99%; F: below 60%.

The student’s performance, not the instructor, determines the course grade. No additional work will be given after the final exam to supplement a course grade. Grades are given based solely on student performance, not needs or any personal reasons.

Exams:
No makeup will be given after a scheduled exam. Students with legitimate excuses (university functions or medical reasons) and documentation may arrange with the instructor for a makeup before a scheduled exam. The only exception is admittance to an Emergency Room, and a makeup exam can be taken only before the first class immediately after the scheduled exam. If the exam cannot be taken before the first class after the scheduled exam due to extreme circumstances, then only with special approval from the professor, the final exam will be re-weighted to 40% so that the final exam grade will replace the grade of the missed exam.

It is the students’ own responsibility to ensure that all test scores are correct. Students cannot dispute any test score more than one month after the scantrons are returned or after the next test is taken, whichever comes first.

Media Article Assignments:
For details of those assignments, see instructions, guidelines and a sample at the end of this document. Those assignments are to be completed individually and are subject to the Student Code of Ethics below.

Course Project for Triad:
Guidelines will be posted.
OTHER ASPECTS OF THE COURSE

Ethical Perspectives:
This course considers both the positive approach to macroeconomic issues (i.e., what is) and the normative approach (i.e., what ought to be). As a result, students can develop insight into ethical issues.

Global Perspectives:
Global economic trends, the economic performance and trade policy impact macroeconomic analysis and policy decisions. As a result, the global and intergenerational perspectives are critical to macroeconomic study.

Demographic Diversity Perspectives:
Macroeconomic policy impacts various demographic groups differently, while these groups are also able to influence macroeconomic policy differently. Hence, the distributional effects of macroeconomic policy will be examined and discussed.

Political, Social, Legal, Regulatory, and Environmental Perspectives:
In discussing the role of the government in an economy, various political, social, legal, regulatory, and environment issues and questions arise. These questions and issues are examined in the macroeconomic context, and sometimes, from the microeconomic viewpoint.

Attendance Policy:
Students are held responsible for class attendance. Class attendance is a necessary but not sufficient condition for active class participation and satisfactory course performance. Students absent from classes are responsible for making arrangements to submit assignments due, material discussed, and announcements made in class. Assignments/quizzes and exams missed due to absences cannot be made up except for illness or other emergencies, in which case a doctor’s note or other official documentation is required to accompany the assignment.

Classroom Etiquette:
Examples of classroom misconduct that may affect student evaluation include: habitually entering or leaving the classroom during class time without the consent of the instructor, using any telecommunication device, talking or chit-chatting with other students, and any other activities that are disruptive to the learning environment. Students caught engaging in such activities should expect class or course dismissal along with a letter of reprimand placed in their academic files. According to the University policy, no cell phone is allowed in the classroom when a test/exam is taken.

Academic Honesty:
University students are expected to conduct themselves in accordance with the highest standards of academic honesty. Academic misconduct includes all forms of cheating, including illicit possession of examinations or examination materials, forgery, or plagiarism, which is the presentation of the work of another as one’s own. Students caught engaging in such activities should expect course dismissal along with a letter of reprimand placed in their academic files.

Turning in another student’s work (assignments, quizzes, exams, etc.) without the knowledge of the instructor constitutes forgery of both the student turning in another one’s work and the student who completes the work.
**Student Code of Ethics:**
This course, and all other courses offered by the College of Business (COB), requires all of its students to abide by the COB Student Code of Ethics (available online at [www.cob.tamucc.edu](http://www.cob.tamucc.edu)). Provisions and stipulations in the code are applicable to all students taking College of Business courses regardless of whether or not they are pursuing a degree awarded by the COB.

**Disabilities Accommodations:**
The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please call or visit Disability Services at (361) 825-5816 in CCH-116.

If you are a returning veteran and are experiencing cognitive and/or physical access issues in the classroom or on campus, please contact the Disability Services office for assistance at (361) 825-5816.

**Last Day of Withdrawal:**
Only students who complete the course withdrawal form before the deadline (equivalent of the 10th week of classes in regular semesters, i.e., April 11th, 2014) will receive an automatic grade of “W.”

**Grade Appeals:**
As stated in University Rule 13.02.99.C2, Student Grade Appeals, a student who believes that he or she has not been held to appropriate academic standards as outlined in the class syllabus, equitable evaluation procedures, or appropriate grading, may appeal the final grade given in the course. The burden of proof is upon the student to demonstrate the appropriateness of the appeal. A student with a complaint about a grade is encouraged to first discuss the matter with the instructor. For complete details, including the responsibilities of the parties involved in the process and the number of days allowed for completing the steps in the process, see University Rule 13.02.99.C2, Student Grade Appeals, and University Procedure 13.02.99.C2.01, Student Grade Appeal Procedures. These documents are accessible through the University Rules Web site at [http://www.tamucc.edu/provost/university_rules/index.html](http://www.tamucc.edu/provost/university_rules/index.html). For assistance and/or guidance in the grade appeal process, students may contact the Office of Student Affairs.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Textbook Chapter*</th>
<th>Date</th>
<th>Week</th>
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</thead>
<tbody>
<tr>
<td>Module 1: Overview of Economics</td>
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<td>1/23</td>
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<tr>
<td>Course Introduction.</td>
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<td>The Triangle: Macroeconomics in an icon</td>
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<td>What is Economics. What is Macroeconomics</td>
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<td>Thinking like an economist</td>
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<td>Module 2: The Realm and Data of Macroeconomics</td>
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<tr>
<td>Measuring a Nation’s Income</td>
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<td>2 graphs for macroeconomic analysis:</td>
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<td>Y and Y* graph, AS = AD graph</td>
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<td>Population and Labor Growth</td>
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<td>Module 4: Measuring the Cost of Living: Inflation</td>
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<td>Inflation Measures: CPI and IPD</td>
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<td>Interest Rates and Inflation</td>
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<tr>
<td>Review</td>
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<td>2/25</td>
<td>Week 6</td>
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<td>Exam 1</td>
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<td>2/27</td>
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<tr>
<td>Module 5: Unemployment</td>
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<td>Types of Unemployment and Analysis</td>
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<td>Okun’s Law and the Phillip’s Curve</td>
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<td>Module 6: The Design of the Tax System</td>
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<td>Federal, State, and Local Government Income and Spending ...</td>
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<td>3/20</td>
<td>Week 8</td>
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<td>Taxes, Efficiency, and Equity</td>
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<td>Module 7: AS = AD equation; Saving, Investment, and the Financial System</td>
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<td>3/25</td>
<td>Week 9</td>
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<tr>
<td>AS = AD equation</td>
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<td>23</td>
<td>Week 9</td>
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<td>Saving, Investment, and the Financial System</td>
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<td>Week 9</td>
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<tr>
<td>Budget Deficits, the National Debt, and Policy</td>
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<td>Review</td>
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<td>Week 10</td>
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<td>Exam 2</td>
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<td>4/3</td>
<td>Week 10</td>
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<tr>
<td>Module 8: AS = AD Graph, Fiscal Policy, and Supply Side Economics</td>
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<td>4/8</td>
<td>Week 11</td>
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<tr>
<td>Fiscal Policy and Stabilization</td>
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<td>4/8</td>
<td>Week 11</td>
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<tr>
<td>Supply Side Economics</td>
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<td>26</td>
<td>Week 11</td>
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<tr>
<td>Module 9: Money, The Monetary System, and Monetary Policy</td>
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<tr>
<td>Money and History</td>
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<td>Week 12</td>
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<tr>
<td>The Equation of Exchange</td>
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<td>30</td>
<td>Week 12</td>
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<tr>
<td>The Federal Reserve System</td>
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<td>29</td>
<td>Week 13</td>
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<tr>
<td>Monetary Policy</td>
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<td>30</td>
<td>Week 13</td>
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</tbody>
</table>
Money Supply and Money Demand ........................................ 29 4/29  Week 14
Money Creation and the Money Multiplier .................................. 30 5/1  Week 14

**Review** ........................................................................ 5/6  Week 15
**Final Exam** ........................................................................ 5/8  Week 15

* Chapter numbers refer to chapters in the Mankiw textbook, *Principles of Economics*. 
Objective
We let you ponder the economics of everyday life. The specific objective of these assignment is to understand daily economic/business news and to apply one or more economic concepts to the event reported in the news article. The goal of any assignment is to evaluate your ability to: (1) be self-disciplined; (2) follow instructions; and (3) particularly for this assignment, understand and interpret daily events from the economic perspective. Keep in mind that this assignment focuses on how you apply (or relate) textbook concepts to real world events, and not on how you critique a news article or summarize a commenter/researcher/reporter’s opinions.

Pre-approved News Sources
- New York Times (nytimes.com)
- Wall Street Journal (wsj.com)
- Financial Times (ft.com)
- Economist (economist.com)
- Washington Post (washingtonpost.com)

Full-length media articles should be at least one page in length when printed, and do not include short blogs or summaries by, e.g., AP, CNNMoney, or Newsweek.

Warning: Use a search engine at your OWN RISK! It is not recommended for this purpose.

The format of the written assignment (checklist):
- Microsoft Word or save the file in Word format only. No other format will be accepted (they don’t convert properly).
- between 500 and 700 words; write in your own words (no quotations in the main text)
- at least two paragraphs: one paragraph summarizing the content of the media article, and another paragraph discussing how you apply the pre-assigned economic topic/concept to the news event
- insert the main heading (not subheading) of the news article between quotation marks (“xxx”) at the top of your assignment
- insert the Internet address (URL) or hyperlink (if online) or source (if in print) of the article between quotation marks (“xxx”) at the end of the assignment. DO NOT insert the whole article.
- follow the specific instructions for each particular assignment on page 3.

Common Point Deductions:
1. At least 10% deduction applies to each violation of the above format requirements.
2. Missing discussion of the specific topic assigned (10-30%)
3. Wrong topic – non-economics (90%); wrong topic but economics (30-50%)
4. Inappropriate materials – news older than a year (20%); methodological or conceptual articles from academic journals and publications instead of news (50-90%); blogs or opinions (50-70%)
5. Quotations are not allowed (not necessary) and they will be included in the Matching Report: You are required to write a “summary” in your OWN words.
6. Writing length too short (10-50%, 10% each 50 words below requirement) or too long (10%)
7. News article shorter than one regular page in print without margins (20-50%)
8. Missing a hyperlink or source (10-30%, depending on your contents)
9. Late submissions receive deduction at 20% per day (the first second after the deadline at 11:59)
10. Two or more grammatical, typos or other writing errors, or illogical sentences (10-50%). You are recommended to seek tutorials (page 4) before submitting your assignment.
11. Non-approved news sources (10%).

Assignment only accepted through Turnitin (see next page).

First Article due: 2/21 Friday, NOON Topic: Economic Cycle or Growth Application
Second Article due: 4/25 Friday, NOON Topic: Macroeconomic Policy Application
ECON 2301
Media Article Assignments
Submission Instructions

Objective:
To ensure originality of student assignments. Students must follow the highest ethical standards, without committing plagiarism in coursework. Turnitin is an online plagiarism detecting system. Plagiarism is an “academic crime,” and one word is too many.

Procedure:
1. Login to turnitin.com. Register at least ONE WEEK before the first assignment due date.
2. For the first time, click “New Users” at the top right corner of the homepage.
3. On the menu, select “student” to create your own student account.
4. For the user profile, your class ID and password are:

<table>
<thead>
<tr>
<th>Triad A</th>
<th>Group: 1A</th>
<th>Class ID: 0000000</th>
<th>Password: islander</th>
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<tbody>
<tr>
<td>Triad A</td>
<td>Group: 2A</td>
<td>Class ID: 0000000</td>
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<tr>
<td>Triad A</td>
<td>Group: 21A</td>
<td>Class ID: 0000000</td>
<td>Password: islander</td>
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<tr>
<td>Triad A</td>
<td>Group: 22A</td>
<td>Class ID: 0000000</td>
<td>Password: islander</td>
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</tbody>
</table>

5. Enter your personal information, including your own email address and password.
6. The class ECON2301 should appear on the screen after you login. Click ECON2301 to enter your own class section. If you register in the wrong section, you must notify the instructor immediately, or you will receive no grades from your assignments.
7. The name of the first assignment is HW1, and the name of the second assignment is HW2, and so on. Click on the name to begin submission. You should upload a file that you have already made up with a word processor and save it in Word. Make sure you press the SUBMIT button after viewing your file in draft mode. This step confirms that you submit your own work.
8. Submit your assignment by the deadline. All student assignments must be submitted online through Turnitin. NO EXCEPTION (no submission through email or in person will be considered).
9. You can resubmit your assignment (which overwrites the existing one) before the deadline. Your assignment will not be graded until the deadline.
10. To review your graded assignment, click on the icon for GRADEMARK with comments and scores. The list of comments is also at the bottom of the screen.

1. Submit a Paper
   Each submission generates an Originality Report. Click on “Report” to view the results. Point deductions will be applied corresponding to the percentage of Plagiarism Matches between 10% and 34%. A 35% or higher matching results in a zero score. A 65% or higher matching results in a failing grade for the course and a letter or reprimand place in the student’s academic file at the TAMUCC. A 50% or higher matching for the second time results in a zero score for ALL assignments. The student is responsible for the matching results at the deadline. While it is normal to have a little matching (<5%), 1% is considered too much by the highest standard, meaning that we only consider the total amount of matching instead of from different sources.
   You will be able to obtain a copy of the Originality Report for the assignment and make corrections before the deadline. You should allow a minimum of 4 hours for Turnitin to complete the Similarity Check. As grading will be based on the Originality Report after the deadline, your Similarity Points may be higher if your assignment matches another assignment submitted at the same time. In this case, you are subject to the HIGHER Similarity Points. Only one match is shown for multiple matches, so that you may get a matching with another student if both you and that student (whom you don’t know) have a matching with the news article.
Specific Guidelines for Media Assignments

Helpful Hints:
Writing in economics is commonly considered as TECHNICAL writing, meaning that you have to be accurate about the meaning of your writing in addition to grammar and contents.

Timeline:
1. Review and understand the related chapter material before beginning your assignment.
2. Find the article that interests you and is suitable for the assignment: 2-5 hours
3. Read and analyze the article: 1-3 hours
4. Summarize the article (first part of the assignment): 30 minutes to 1 hour
5. Analyze the article and apply the assigned economic concept to the news event: 1-2 hours
6. Upload the written assignment at Turnitin: 10-20 minutes
7. Get Matching Score from Turnitin: 1-4 hours processing time
8. Before the deadline, you can revise the paper if your Matching Score exceeds 10%
9. Review your assignment at Turnitin by clicking that GRADEMARK button: 10-30 minutes

Checklist for you before you finalize your submission:
HAY YOU READ IT YOURSELF AND DOUBLE-CHECKED …?
1. the appropriateness of the news article (make sure it is “news” about a recent event)
2. the format ("heading", 400-word text in ≥ 2 paragraphs, “source”, and insert graph if needed)
3. grammar and spellchecked the assignment, and “matching %”
4. the file is in Word format (graphs will not display properly in draft mode when you review it before your confirm your submission), and Turnitin accepts only one file (the last file you submit overwrites any old file).

Media Article Assignment No. 1, due February 21, 2014, Noon
✓ Before you start this assignment, you should review the Lecture 2 Notes and the Lecture 3 Notes. You should also read the Mankiw textbook material on Measuring a Nation’s Income (Ch. 23), and Production and Growth (Ch. 25).
✓ Find a news article that concerns the economic cycle or the economic growth of the U.S., or another country. (10%)
HINT: The appropriate article should give you an idea about the current condition of the country’s economic (recessionary phase or expansionary phase) and some consideration about implications for growth or the per capita income of individuals. The article may also use economic indicators that can help you with the analysis.
✓ Summarize the key point of the article. (20%)  
✓ Use an economic cycle graph or an aggregate supply and aggregate demand diagram to explain the current condition, and any change in the condition as reported in the article (30%).
✓ Explain the change in price level, output, or growth rate that will occur as the result of the proposed current issue, or proposed current policies (30-50%).
✓ How does the economic cycle analysis or the economic growth considerations help you understand the event reported in the article? How does this help you to form an argument about what is happening, and about what actions can be taken to improve a bad situation, or to further enhance a positive situation. (10%)

NOTE: Graphs may not show up on the screen when you review them in draft mode but they will eventually show up when the assignment is graded.

Media Article Assignment No. 2, due April 25, 2014, Noon
✓ Before you start this assignment, you should study the Lecture 8 Notes and the Lecture 9 Notes. You should also read the Mankiw textbook material on fiscal policy (Ch. 12, 26, 33) and monetary policy (Ch. 29, 30).
✓ Find a news article about how the government or the central bank attempted to affect the macroeconomy (not microeconomic issues). (20-40%) HINT: The article should tell you how a deliberate policy action affects the economy.
✓ Summarize the key point of the article. (20-30%)
✓ Identify the particular policy (fiscal or monetary) action (10%), and discuss the rationale for the policy and how it is meant to affect the economy or you as part of a household (20-40%).
✓ This assignment does NOT require a graph.
✓ Warning: DO NOT use a webpage from the Federal Reserve or White House etc. (not a media)
“Forget Gas: Get ready for $4 a gallon milk”

Because of the rising fuel costs, including gasoline prices, the supply of feed mix of corn reduced as farmers use corn to produce ethanol, which is an additive in gasoline. As a result, the price of feed mix has risen, adding to the cost of cattle farming, which in turn raises the price of milk…….

This article shows how substitutable goods in production eventually affect the price of a product, which is milk in this case. Because farmers can either produce ethanol or corn feed from their corn, they produce more ethanol and less corn feed as the market price of ethanol increases. The reduced supply of corn feed drives up its price and thus the cost of raising cattle. The graph above shows the supply and demand model for the milk market. The increase in oil prices ultimately raises the cost of milk production. This is represented by a shift of the supply curve to the left from $S_1$ to $S_2$. As a result, the equilibrium price of milk goes up from $P_1$ to $P_2$, and the equilibrium quantity of milk goes down from $Q_1$ to $Q_2$. The news article indicates that the market price has reached $3.72 in April and can be as high as $4 by the summer. This real-world event clearly shows how changes in the price of one product can have an effect on the prices of other related products. Even though gasoline and milk are not related in market consumption, they are related in some other ways….