COURSE GOALS AND OBJECTIVES

Upon completion of SS201, Cadets will have the ability to identify, understand, analyze, and communicate to others the underlying economic aspects of:

a. **Decision-Making**: Cadets are able to identify the opportunity costs and tradeoffs associated with a particular course of action. Optimization, marginal analysis, and the concept of diminishing marginal returns are introduced as critical tools in Cadets' decision-making process.

b. **Human Behavior**: Cadets will understand the importance and impact of scarcity of resources, rational decision-making, the effect of incentives, the role of preferences, and the significance of risk attitudes in predicting and analyzing human behavior.

c. **Markets**: Cadets understand the concept of market equilibrium and its corresponding impacts on economic efficiency and equity. They are able to identify "gains from trade" and the creation of economic surplus by market mechanisms. Furthermore, Cadets understand the implications of market competition for distribution of economic surplus, product differentiation, product availability, and economic efficiency. In a macroeconomic setting, Cadets are able to identify relative strengths and weaknesses of indicators of aggregate macroeconomic well-being; understand the roles, responsibilities, and impact of fiscal and monetary policymakers; and can describe the importance of institutions in the promotion of economic growth.

d. **Modeling**: Cadets understand the process of modeling household and firm behavior, based on economic theory and marginal analysis. They are able to use models for firm cost structures, market supply/demand, and economic growth to understand real world outcomes. Cadets gain an appreciation for the limitations of these models by understanding the importance of modeling assumptions and comparison of model predictions with real world outcomes. They understand positive versus normative analysis and can apply the scientific method to the study of human behavior.

e. **Public Sector**: Cadets are able to identify substantive differences in the efficiency and equity of market outcomes, instances in which markets fail (e.g., market externalities), and the potential to influence household and firm decisions through market incentives. They understand the resulting economic consequences of government intervention in markets, such as price controls, taxes, and trade regulation. Additionally, Cadets are able to identify the probable winners and losers of public policy, measured by gain or loss of economic surplus.

f. **Information**: Cadets understand the importance of information in the ability of a market mechanism to function efficiently. Cadets can identify the market consequences of asymmetric information and the role of economic incentives in creating barriers to information sharing. They can also understand the critical distinction between causation and correlation and how information inefficiencies can lead to incorrect claims of causality.
STUDENT EXPECTATIONS AND RESPONSIBILITIES

1. **Lesson Preparation.** Cadets are expected to complete all reading assignments prior to attending each lesson. In the syllabus, each lesson includes individual lesson objectives that support the broader Core Curriculum and Course Goals addressed above and are used to guide discussion and preparation for graded events. At the conclusion of each lesson, cadets should be able to understand each lesson objective —if not, they are strongly encouraged to seek additional instruction.

2. **Absences.** Cadets are required to notify their instructor *at least 48 hours in advance* of any conflict that will prevent them from attending class. Cadets are required to notify their instructor *at least 72 hours in advance* if a conflict arises that will prevent the completion of a graded requirement, in or out of class. The cadet and instructor will then make arrangements to complete the exam outside of class. **Responsibility for this coordination belongs to the Cadet!**

3. **Use of Laptop Computers during Class.** The use of laptop computers in-class for note-taking during regular classroom sessions is at the discretion of each instructor. During select lessons, laptops may be required. Some in-class exercises may require a laptop and connection to the USMA wireless network. It is the student’s responsibility to ensure the operability of their laptop computers when required for class. Students will inform their instructors if there are known technical issues prior to class and make arrangements as necessary. Failure to arrive to class with an operational laptop when required may result in a penalty at the discretion of the instructor.

5. **WPR Resources.** For in-class graded requirements (i.e., WPRs, Quizzes), cadets may use their issued calculator, a straight-edge, pens, and pencils. All other material should remain outside the classroom.

COURSE REQUIREMENTS AND POLICIES

1. **Graded Requirements.** Instructor evaluation of cadet performance is built upon several graded course requirements (listed below). The specific objectives of each graded assignment may vary, but the overarching goal is to assess cadet understanding of course material and ability to apply course principles beyond basic textbook answers.
a) **In Class Quizzes (8.5%).** There will be an in-class quiz during most lessons covering the assigned reading for that lesson. The quizzes are based on the Quick Quiz at the end of each chapter in the textbook. Each quiz will be worth five points and will be graded in class. Your lowest two quiz scores will be dropped at the end of the course.

b) **Problem Sets (11.5%).** There are five problem sets due during the course, three during the micro block, and two during the macro block. These problem sets provide practice and assessment on in-depth economics problems that require challenging math and graphing techniques. The problem set answer key will be posted on the day that the problem sets are due, so problem sets cannot be turned in late for credit.

c) **In-Class Exams (WPR) (35%).** Cadets will take three WPRs (Two Micro Block and One Macro Block). The first Micro WPR will focus on assessing cadet proficiency in the foundational models and concepts. The second Micro WPR will evaluate students’ understanding of the major economic concepts, building and expanding on the foundations learned in the first block. The purpose of the Macro WPR is to assess students’ comprehension of the major macroeconomic concepts introduced in the first half of the macro block. Test questions include multiple choice, short answer, multi-step concept, and essay questions consistent with the course lesson objectives, assigned readings, problem sets, and classroom lectures.

d) **Public Policy/Business Practice Analytical Essay (7.5%).** This is an individual assignment worth 75 points and will be due at the end of the Microeconomics block.
Cadets must find a contemporary and relevant policy issue at the federal, state or local level, or business practice, to analyze. The cadet will research the issue and identify the underlying economic concepts and theory that may affect the crafting of the policy/practice and its outcome. The essay should be no longer than 800 words in length and seek to explain observed outcomes. Alternatively, students may choose to use economic theory to predict outcomes of policy proposals that are not in place. The purpose of this assignment is to apply economic theory to analyze, explain and understand the topic issue. (See the essay prompt provided by your instructor for specific instructions)

e) **Personal Finance Exercise (7.5%).** The Personal Finance Exercise is an individual assignment worth 75 points. Throughout the course, cadets will participate in four Personal Finance lessons, which will cover basic financial concepts, milestone financial decisions, and investing for retirement. As part of the Personal Finance curriculum, each cadet will be required to complete the personal finance exercise, which will aid in establishing personal goals and creating a plan to achieve these goals via a lifetime of responsible financial decisions. The personal finance instruction is focused on developing financially educated leaders, capable of counseling and instructing Soldiers in basic financial matters. (See the PFX prompt provided by your instructor for specific instructions)

f) **Term-End Exam (22.5%).** Students will take a 3.5 hour, comprehensive final examination at the end of the course worth 22.5% of the final grade (225 points). The Term-End Exam (TEE) is used to assess students’ knowledge and understanding of key economic principles, models, and policies studied throughout the course in each major block: Microeconomics, Consumer Choice & Firm Theory, and Macroeconomics.

g) **Instructor Points (5%).** Students will receive up to 50 points, given at the discretion of each instructor. Instructors will assess cadets throughout the course on daily preparation, class participation, contribution to peer learning, attitude, military bearing, and appearance. Instructors may also elect to assign additional class preparation exercises (e.g., reading questions for an assigned article).

2. **Exam Terminology.** SS201 course exams will use the following terms during graded events to include Writs, WPRs, and the TEE. These definitions are provided to ensure cadets understand the work required to receive full credit.

<table>
<thead>
<tr>
<th>Term</th>
<th>Action Required of Cadet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Define</td>
<td>Specify distinctly the precise nature of a word, term or phrase as it applies to our economic models. Does not require analysis, elucidation or a verbatim answer.</td>
</tr>
<tr>
<td>List</td>
<td>Specify one or more items or terms relating to a specific economic concept or category. No explanation required.</td>
</tr>
<tr>
<td>Graph</td>
<td>Represent or portray on axis a specified action or series of actions. Requires correct labels &amp; units on all curves and axis and explanatory arrows if needed.</td>
</tr>
</tbody>
</table>
3. **Letter Grade Scale.** The course consists of 1000 total points. Letter grades will be awarded based on the percentage of maximum points earned. There will be no forced distribution.

<table>
<thead>
<tr>
<th>Grade Earned</th>
<th>Points Earned</th>
<th>Percentage Earned</th>
<th>Quality Points</th>
<th>Subjective Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>A+</td>
<td>970 - 1000</td>
<td>97.0 - 100.0</td>
<td>4.33</td>
<td>Mastery of concepts. Can apply concepts to new situations.</td>
</tr>
<tr>
<td>A</td>
<td>930 - 969</td>
<td>93.0 - 96.9</td>
<td>4.00</td>
<td>Solid understanding of concepts. Strong foundation for future work.</td>
</tr>
<tr>
<td>A-</td>
<td>900 - 929</td>
<td>90.0 - 92.9</td>
<td>3.67</td>
<td></td>
</tr>
<tr>
<td>B+</td>
<td>870 - 899</td>
<td>87.0 - 89.9</td>
<td>3.33</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>830 - 869</td>
<td>83.0 - 86.9</td>
<td>3.00</td>
<td></td>
</tr>
<tr>
<td>B-</td>
<td>800 - 829</td>
<td>80.0 - 82.9</td>
<td>2.67</td>
<td></td>
</tr>
<tr>
<td>C+</td>
<td>770 - 799</td>
<td>77.0 - 79.9</td>
<td>2.33</td>
<td>Acceptable understanding. Questionable foundation for future work.</td>
</tr>
<tr>
<td>C</td>
<td>730 - 769</td>
<td>73.0 - 76.9</td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td>C-</td>
<td>700 - 729</td>
<td>70.0 - 72.9</td>
<td>1.77</td>
<td>Doubtful understanding. Weak foundation for future work.</td>
</tr>
<tr>
<td>D</td>
<td>670 - 699</td>
<td>67.0 - 69.9</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>0 - 670</td>
<td>&lt; 67.0</td>
<td>0.00</td>
<td>Definitely failed to demonstrate understanding.</td>
</tr>
</tbody>
</table>

4. **Course Completion Requirements.** To pass SS201 a cadet must receive a passing grade of 67% or greater in total course points (670 points out of 1000 points possible) and achieve a passing grade on at least one of the four exams. Furthermore, any cadet that does not achieve a passing grade (67%) on the TEE is subject to course failure at the discretion of the Social Sciences Department Head.

5. **Re-Grades.** The Department of Social Sciences seeks to evaluate all graded requirements fairly and ensure cadets understand why their work earned the grade they received. If a cadet does not agree with a grade for a major requirement, the cadet should discuss the concerns with the instructor within one week of receiving notice of the grade in question. After discussing the grade with the instructor, cadets who still feel the work deserves a higher grade can request a re-
grade of the submission by another Economics Instructor. The cadet will receive the average of the two grades.

6. **Late Submissions.** Timely submission of academic requirements is a duty. Late submissions require consideration of both disciplinary action and academic penalty. In the absence of extenuating circumstances, instructors may take both actions in response to late submission of homework. The **minimum** penalty for late submission is one letter grade (10%) per day.

7. **Original Work.** All work for this course must be completed during this semester. Cadets may not turn in assignments that were completed for other classes nor in previous iterations of this course. Cadets should speak with their instructor for any further clarification.

8. **Documentation of Written Work.** IAW the *Documentation of Written Work*, all graded assignments must be accompanied by an acknowledgement statement.

**COURSE TEXTBOOK**
<table>
<thead>
<tr>
<th>LSN</th>
<th>Date</th>
<th>Topic/Event</th>
<th>Covered Material</th>
<th>Learning Objectives</th>
<th>Econ Leader Principles</th>
<th>Assignment Notes</th>
</tr>
</thead>
</table>
| 1    | Day 1: 19 Aug Day 2: 20 Aug | Economic Principles | Chapter 1 The Economic Leader Introductory Note | • Explain how people make decisions  
• Explain how people interact  
• Explain how an economy works                                                       | ALL                    |                  |
| 2    | Day 1: 21 Aug Day 2: 22 Aug | Economic Methods, Models, and Gains from Exchange | Chapter 2 (including appendix) Chapter 3 | • Recognize that economists use models to make predictions; and these models are simplifications of reality  
• Understand how the scientific method guides the application and testing of economic models and ideas using data  
• Understand the role of empirical analysis (testing economic theories using data)  
• Distinguish between correlation and causation  
• Develop the production possibility frontier to characterize tradeoffs and opportunity cost  
• Distinguish between absolute advantage and comparative advantage  
• Explain how comparative advantage forms the basis for trade  
• Describe the four characteristics of a perfectly competitive market  
• Define a consumer’s willingness to pay (marginal valuation) and explain how it changes with quantity demanded  
• Explain what factors lead to a shift in the demand curve  
• Define a seller’s willingness to accept (reservation price) and how it changes with quantity supplied  
• Explain why quantity supplied varies positively with price; increasing marginal cost  
• Explain what factors lead to a shift in the supply curve | 1 & 4                       |                  |
| 3    | Day 1: 23 Aug Day 2: 26 Aug | The Market Forces of Supply and Demand | Chapter 4 (pp. 65-75) | • Describe how adjustments in price in a market help to equilibrate quantity supplied and quantity demanded  
• Describe how and graphically depict changes in the determinants of demand and/or supply change the market equilibrium | 2                     | Micro PS1 Due    |
| 4    | Day 1: 29 Aug Day 2: 30 Aug | Market Equilibrium | Chapter 4 (pp. 76-86) | • Describe and graphically depict excess demand and excess supply  
• Describe and graphically depict how changes in price in a market help to equilibrate quantity supplied and quantity demanded  
• Describe and graphically depict how changes in the determinants of demand and/or supply change the market equilibrium | 3                     | Micro PS1 Due    |
| 5    | Day 1: 03 Sep Day 2: 05 Sep | Elasticity | Chapter 5 | • Understand the notion of elasticity as the responsiveness of quantity demanded or quantity supplied to changes in a determinant of supply or demand  
• Understand the determinants of price and income elasticities  
• Calculate point elasticities (not in textbook) | 6                     |                  |
| 6    | Day 1: 10 Sep Day 2: 11 Sep | Government Intervention and Consumer and Producer Surplus | Chapter 6 (pp. 111-120) Chapter 7 | • Understand the concept of and graphically depict consumer and producer surplus  
• Explain why perfectly competitive markets maximize social (total) surplus  
• Explain efficiency in a market context.  
• Explain the government rationale for price controls.  
• Graphically depict the efficiency concerns of price controls on a competitive market | 6                     |                  |
| 7    | Day 1: 12 Sep Day 2: 13 Sep | Taxes | Chapter 6 (pp. 120-128) Chapter 8 | • Describe how trade can improve total surplus  
• Identify the groups made better and worse off  
• Describe how trade restrictions affect total surplus and efficiency  
• Explain why the cost-benefit analysis of public goods is both necessary and difficult  
• Graphically depict the tax equilibrium and the market efficiency implications | 4 & 6                       | Micro PS 2 Due    |
| 8    | Day 1: 16 Sep Day 2: 17 Sep | Trade Theories and Restrictions | Chapter 9 | • Describe how trade can improve total surplus  
• Identify the groups made better and worse off  
• Describe how trade restrictions affect total surplus and efficiency  
• Explain why the cost-benefit analysis of public goods is both necessary and difficult  
• Graphically depict the tax equilibrium and the market efficiency implications | 4                     | Micro PS 2 Due    |
| 9*   | Day 1: 18 Sep Day 2: 19 Sep | Micro WPR 1 | LSN 1-8 In Class | • Explain positive and negative externalities  
• Graphically depict market equilibrium with externalities and the efficient outcome  
• Explain how markets with externalities can be made efficient using taxes, controls, and property rights | 5                     |                  |
| 10   | Day 1: 23 Sep Day 2: 24 Sep | Externality | Chapter 10 | • Explain the relationship between costs, revenues, and profits  
• Understand the difference between accounting profits and economic profits  
• Explain Fixed, Variable, and Total costs, and marginal and average costs  
• Understand what is meant by returns to scale of a production function. | 1 & 2                       | Day 2 occurs before Day 1 |
| 11*  | Day 1: 27 Sep Day 2: 26 Sep | Public Goods | Chapter 11 | • Understand the relationship between costs, revenues, and profits  
• Understand the difference between accounting profits and economic profits  
• Explain Fixed, Variable, and Total costs, and marginal and average costs  
• Understand what is meant by returns to scale of a production function. | 1 & 2                       | Day 2 occurs before Day 1 |
| 12*  | Day 1: 03 Oct Day 2: 30 Sep | Costs of Production | Chapter 13 | • Explain and graphically depict profit maximization for a perfectly competitive firm  
• Graphically derive a competitive firm’s supply curve  
• Explain why firms will choose to shut down or continue to operate in the Short Run  
• Explain why firms will choose to enter or exit in the Long Run  
• Graph long-run equilibrium and understand that entry and exit will occur in competitive markets until product price equals marginal cost + minimum average total cost (zero economic profits) | 2                     | Micro PS 3 Due    |
| 13   | Day 1: 03 Oct Day 2: 04 Oct | Firms in Competitive Markets | Chapter 14 | • Describe monopoly market structure, and distinguish it from the perfectly competitive model  
• Describe the sources of monopoly power – legal market power, and natural market power  
• Understand the simple monopoly profit-maximizing problem  
• Graph the monopolist’s profit-maximizing output and illustrate consumer surplus, producer surplus, and deadweight loss under monopoly | 2                     | Micro PS 3 Due    |
| 14   | Day 1: 07 Oct Day 2: 08 Oct | Monopoly | Chapter 15 (pp. 289-303) | • Understand Price discrimination  
• Explain how price discrimination changes the efficiency of a Monopoly  
• Explain the effect of public policy response to monopolized markets on that market’s efficiency  
• Explain how a monopolistically competitive firm maximizes profit in the short-run and long-run | 3                     |                  |
| 15   | Day 1: 09 Oct Day 2: 10 Oct | Monopoly II and Monopolistic Competition | Chapter 15 (pp. 303-312) Chapter 16 | • Understand Price discrimination  
• Explain how price discrimination changes the efficiency of a Monopoly  
• Explain the effect of public policy response to monopolized markets on that market’s efficiency  
• Explain how a monopolistically competitive firm maximizes profit in the short-run and long-run | 3                     |                  |
| 16   | Day 1: 11 Oct Day 2: 15 Oct | Oligopoly | Chapter 17 | • Describe how significant barriers to entry enable the persistence of oligopolies  
• Understand market outcomes under duopolies (a type of oligopoly) with identical products and differentiated products  
• Compare and contrast market outcomes (price and quantity), long-run profits, and total surplus under the four market structures (perfect competition, monopoly, oligopoly, and monopolistic competition) | 1 & 2                       | Micro PS 4 Due    |
<table>
<thead>
<tr>
<th>LTR</th>
<th>Day 1: 17 Oct</th>
<th>Micro WPR</th>
<th>LSN 10-16</th>
<th>Ending Lecture Period</th>
<th>1945-2100</th>
</tr>
</thead>
<tbody>
<tr>
<td>WPR</td>
<td>17-Oct</td>
<td>Micro WPR</td>
<td>LSN 10-16</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Macroeconomics Block

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</thead>
<tbody>
<tr>
<td>18*</td>
<td>Day 1: 22 Oct</td>
<td>Day 2: 21 Oct</td>
<td></td>
<td>Chapter 23</td>
<td>Chapter 24</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

- **Day 1: 22 Oct**
  - Macroeconomic Aggregates
  - Chapter 23
  - Chapter 24
  - Describe the various methods of measuring GDP
  - Explain how price indices (GDP deflator, CPI) are constructed and what they measure, and their biases
  - Calculate inflation using a price index
  - Understand the difference between nominal and real values of macroeconomic aggregates
  - Understand and explain the difference between nominal and real interest rates

- **Day 2: 21 Oct**
  - Long Run Macro Growth
  - Chapter 25
  - Explain how GDP per capita measures differences in economic well-being across countries
  - Understand the aggregate production function
  - Understand how economic growth rates are calculated
  - Explain how technological progress drives sustained growth of economies

- **Day 1: 28 Oct**
  - Capital Markets
  - Chapter 26
  - Explain the role of the financial system in an economy
  - Explain which economic agents demand credit and which economic agents supply credit and Graphically depict the market for loanable funds
  - Explain why the “price of money” is the real interest rate

- **Day 2: 29 Oct**
  - Labor Markets
  - Chapter 28
  - Identify and explain types of unemployment
  - Understand the effect of labor unions on the labor market
  - Understand the effect of minimum-wage laws on the labor market

### Personal Finance Block

<table>
<thead>
<tr>
<th>LTR</th>
<th>Day 1: 26 Nov</th>
<th>Day 2: 30 Nov</th>
<th>Macro WPR Review</th>
<th>LSN 18-25</th>
<th>Study Day</th>
<th>1235 - 1350</th>
</tr>
</thead>
<tbody>
<tr>
<td>WPR</td>
<td>21-Nov</td>
<td>Macro WPR</td>
<td>LSN 18-25</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Lecture and Reading Schedule

#### Day 1: 22 Oct
- **Macroeconomic Aggregates**
- Chapter 23
- Chapter 24
- Describe the various methods of measuring GDP
- Explain how price indices (GDP deflator, CPI) are constructed and what they measure, and their biases
- Calculate inflation using a price index
- Understand the difference between nominal and real values of macroeconomic aggregates
- Understand and explain the difference between nominal and real interest rates

#### Day 2: 21 Oct
- **Long Run Macro Growth**
- Chapter 25
- Explain how GDP per capita measures differences in economic well-being across countries
- Understand the aggregate production function
- Understand how economic growth rates are calculated
- Explain how technological progress drives sustained growth of economies

#### Day 1: 28 Oct
- **Capital Markets**
- Chapter 26
- Explain the role of the financial system in an economy
- Explain which economic agents demand credit and which economic agents supply credit and Graphically depict the market for loanable funds
- Explain why the “price of money” is the real interest rate

#### Day 2: 29 Oct
- **Labor Markets**
- Chapter 28
- Identify and explain types of unemployment
- Understand the effect of labor unions on the labor market
- Understand the effect of minimum-wage laws on the labor market