

Rhodes College
2000 N Parkway, Memphis, 38112

Department of Economics and Business

Spring Semester 2007

Course Syllabus: ECON 102-03 - INTRODUCTION TO (MACRO-)ECONOMICS
Class Schedule: MWF 9:00 am; starting January 10 2007
Class room Buckman 212

Instructor: Peter Sturm
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Office hours: M, W 2:30 to 3:30 pm, or by arrangement

Purpose and contents of the course: This course is an introduction to the theoretical tools and key policy issues concerning the field of MACRO- ECONOMICS, i.e. the aggregate operation of the economy and (macroeconomic) policy.

Key questions raised in the course include:

- What is economics?
- The subject matter of macroeconomics
- What is the analytical tool kit macroeconomists apply?
- Why are people unemployed (even when the economy is booming)?
- Why are there recessions, and what causes them?
- Can the government do anything to combat recessions? Should it?
- What determines the price level, and why does the cost of living keep rising?
- What is the government budget deficit? How does it affect the economy?
- Is a trade deficit good or bad for the economy?
- Why are so many countries poor?
- What policies might help them grow out of poverty?

Students in the course should aim and expect to:

- become familiar with the standard vocabulary and technical terms used in the area of (macro)economics.
- understand key concepts of income determination, inflation, and growth
- get some idea of the development of ideas and how to access the relevant literature in the field of macroeconomics
- increase their understanding of the economic problems (and potential solutions) arising in the aggregate economy
- understand key requirements for – and limitations of – successful government policies in the area of macroeconomics.

Prerequisites: This is an introductory course which does not require any prior exposure to economics. The course does not require the knowledge of calculus, but having some knowledge of this analytical tool will be a definite advantage for anybody considering advanced studies in economics.

Text and readings: The textbook used for this course is:

N. Gregory Mankiw. *Principles of Macroeconomics* (Fourth edition). Thompson/South-Western, 2007

The textbook is excellent, but not necessarily easy. Students are encouraged to read chapters (at least) twice: one quick reading before the chapter issues are treated in class, and one reading following the class meeting, to make sure the material has been understood. Solving exercises at the end of each chapter is an excellent way to test whether you have understood the material presented in the chapter.

A copy of a *Study Guide* by David R. Hakes accompanying the Mankiw text book is available at the Library Reserve Desk for Econ 102.

Additional readings will be flagged as the course proceeds. Students are encouraged to explore the topics discussed in class on their own using resources in the library and on the internet. This includes regular study of pertinent articles in THE ECONOMIST, the NEW YORK TIMES, and other current publications.

The dedicated website for this course will be:

\\Fileserver1\acad_dept_pgm\Econ_Bus\Sturm_Peter\Public\spring semester 2007\ECON 102 - Introduction to Macro

You can normally access this site by clicking on the <Shortcut to acad_dept...> icon on your desk top and then follow the above links.

Course schedule: The course will follow the text book closely, and students are encouraged to read chapters BEFORE the material is discussed in class in order to get an idea of the issues involved and to be better prepared to ask relevant questions in class. An effort will be made to relate the textbook material to current economic policy issues. However, the amount of peripheral and supporting material discussed in class will depend on students' grasp of the basic textbook material, which will be given priority.

COURSE OUTLINE

(approximate and subject to change)

week	date	Topics treated	obligatory text book chapter
1	1/10 - 1/17-07	Introduction and housekeeping	1 and 2
2	1/17 - 1/24 - 07	The data of macro-economics	10
3	1/24 - 1/31 - 07	- output and production - prices and the cost of living - unemployment	11 15
4	1/31 - 2/7 - 07	Production and growth	12
5	2/7 - 2/14 - 07	Saving, investment, and the financial system	13
6	2/14 - 2/21 - 07	The basic tools of finance	14
7	2/21 - 2/28 - 07	Money and Prices in the long run: - the monetary system - money growth and inflation	16 17
	3/5/2007	MIDTERM EXAM	
8	2/28 - 3/7 - 07	Open economy macro-economics	18
9	3/7 - 3/21 - 07	- basic concepts - a macro-model of the open economy	19
10	3/21 - 3/28 - 07	Short run economic fluctuation and stabilization policies:	20
11	3/28 - 4/4 - 07	- Aggregate demand and supply	21
12	4/4 - 4/11 - 07	- Monetary and fiscal policy - the inflation unemployment trade-off	22
13	4/11 - 4/18 - 07	Ongoing macro-economic debates	23
14	4/18 - 4/25 - 07	Review	
	5/5/06-8:30	FINAL EXAM	

Examinations, assignments and quizzes: There will be a mid-term and a final exam. These exams will consist of some or all of the following: multiple choice questions, definitions, analytical problems, and discussion questions. The final exam will be cumulative across the entire course, but will stress the material covered since the midterm exam. In an effort to encourage students to read assigned subject matter there will be occasional mini-quizzes at the start of class covering assigned readings. There will also be written homework assignments requiring students to draft short essays on specific topics. There will be five quizzes and assignments each. They will be graded and the scores will enter the final grade (see below). All homework assignments have to be typed.

In addition, occasionally problems (usually from the text book exercises) will be assigned, and students will be called upon in the subsequent class meeting to present their solution to the assigned problem. You can collaborate with fellow students in the solution of assigned problems.

Grading:

The final grade for this course will be computed as follows:

Final exam:	20 %
Midterm exam	20 %
Mini quizzes	20 %
Writing assignments	20 %
Class participation	20 %
Total	100 %

Grades will be assigned according to the following scale,

93-100% = A	80-82% = B-	67-69% = D+
90-92% = A-	77-79% = C+	63-66% = D
87-89% = B+	73-76% = C	60-62% = D-
83-86% = B	70-72% = C-	59 or below = F

Expectations of students

- Students should expect to be challenged and are expected to do the relevant textbook and other assigned readings as the class proceeds.
- Students are expected to complete assignments before the announced deadline – late work will be accepted only under exceptional circumstances.
- It is recommended to think about (and discuss with fellow students) the exercises at the end of each textbook chapter. Some of this material may be used in quizzes and exams.
- Class attendance is expected and will be recorded. Absence from class should be cleared *ex ante* with the instructor.
- Make-up examinations, quizzes, or assignments will be scheduled only under exceptional circumstances. You must be present on the examination dates.

- No cell phones: You may not leave the classroom to make or receive telephone calls! The ringing of cell phones during class is disruptive. Out of respect for your fellow students, please turn cell phones off during class sessions.
- Classes start at the appointed hour, on time. Out of respect for your fellow students, please be prompt.
- Class room participation (i.e. asking questions and contributing to discussions) is strongly encouraged. Private conversation during the class is both rude and disruptive of the learning environment. Students who persist in conversations not part of the official class discussion will be asked to leave the room.

Academic Integrity. Students must do their own work, especially on homework assignments. Copying other persons' (including fellow students') work is plagiarism. Students are expected to be familiar with the Rhodes honor code and to uphold it. A copy of the Honor Constitution is available on the ECON 102 website.

Disability Services: contact the instructor.