

Econ 102 19022
Mike Hammock
Rhodes College Department of Economics and Business
Tuesdays and Thursdays, 8:00 to 9:15 A.M.
Buckman Hall 110

Economics is the study of how people make choices to satisfy their desires, in the face of limited resources, or “scarcity”. That is, the fact that we have limited resources—there is only so much water, so much clean air, so much oil—means that we must make choices about how we will use these resources.

This course focuses on Macroeconomics, which studies how economic aggregates-- inflation, unemployment, Gross Domestic Product—behave, and how policy affects them. It is, in some ways, very different from the Microeconomics you’ve already studied. We will also touch on some issues in Finance and International Trade.

Textbook:

Your primary textbook is:

Taylor, Timothy. [*Principles of Economics*](#). This is an online text. You can read the whole thing online for free, although there are advertisements for this version. For a small amount (\$6.95 at the time of this writing) you can download an ad-free copy of the book. Finally, you can buy the whole thing in paperback for \$19.95. This is a new text for me, and the first time I’ve used an online text.

There will also be several readings from:

Miller et al., *The Economics of Public Issues*, 14th Edition. Pearson Addison-Wesley, 2005.

Other readings will come from Steven Landsburg’s *Armchair Economist* and *Fair Play*, as well as Frederic Bastiat and Paul Krugman. I will email the readings to you in pdf format, or hand them out in class.

Honor Code:

I take the honor code very seriously. You will all abide by it. Every time you sign your name to your work you are reaffirming your commitment to the honor code. If you have questions about it, ask me. You are expected to behave in a manner such that your academic integrity is beyond question.

Office Hours:

My office is in Buckman Hall, third floor, room 329C. I will hold office hours Tuesdays and Wednesdays from 9:30 to 11:00, and by appointment. Please do not ask for permission to stop by during office hours; that’s what they’re for. Just stop by. Do not hesitate to ask about an appointment if those office hours do not fit your schedule.

Contacting me:

I would prefer that you contact me via e-mail unless the matter is urgent, in which case you may call me on my office phone. My e-mail address is hammockm@rhodes.edu, and my office phone number is 901-843-3123.

Attendance:

I do not believe in taking attendance; you are adults, and I should not have to baby sit you. If you want to skip class, you may skip class. But there may be consequences for doing so. I will hold random pop quizzes; missing them will result in lost points. These are an incentive to attend class *and* to read the material for class. The quizzes may cover material in readings that we have not yet discussed in class. Quizzes also allow me to see what material you find difficult.

If for some reason you miss an assignment, exam, or other credited work due to absence, your assignment grade will be knocked down to a maximum of 75% credit. After 24 hours the maximum will be 50% credit. After 48 hours you will get zero credit. If you wish to contest this reduction you must submit a signed explanation to me, which I alone will judge fit or unfit. For missed quizzes I will tend not to accept excuses.

If you miss a class, you are responsible for asking your classmates for notes, assignments, syllabus and schedule changes, and so on. Do not ask me for a copy of my lecture notes, a summary of what we covered in class, or any other materials from classes missed.

Assignments:

You will have several assignments throughout the semester to give you practice with the concepts covered in class. These assignments are mandatory and will count toward your final grade.

Exams:

You will have three exams, none of which is cumulative in the conventional sense. They are cumulative in the sense that you can't, say, forget what GDP means on your final exam, because you need that concept to understand more advanced concepts.

Accommodations:

If you need special accommodation (time-and-a-half, a separate room, etc.) please contact Disability Services and notify me at the beginning of the semester.

Grading:

Your grade will be determined by your performance on exams, the homework assignments, and the quizzes. They will be weighted as follows:

Homework: 10%

Quizzes: 10%

Exam 1: 25%

Exam 2: 30%

Exam 3: 25%

The grading scale will be as follows, without exception:

A	93.00-100	B	83.00-86.99	C	73.00-76.99	D	63.00-66.99
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A-	90.00-92.99	B-	80.00-82.99	C-	70.00-72.99	D-	60.00-62.99
B+	87.00-89.99	C+	77.00-79.99	D+	67.00-69.99	F	59.99& below

Section One: Macroeconomic Measurement

January 15: Course introduction and syllabus review. Chapter 21: GDP, Breaking down GDP, and Real versus Nominal

January 20: Chapter 24: Inflation: CPI versus GDP Deflator.

January 22: Chapter 22: Growth: Productivity, Diminishing Returns and Convergence. Institutional Contributions to Growth. Reading: “The Mystery of Wealth,” *The Economics of Public Issues*, chapter 4.

January 27: Chapter 23: Unemployment: Definitions

January 29: Chapter 13: Capital Markets: Markets and Middlemen, National Savings Identities and the Loanable Funds Market.

February 3: Minimum Wages, Market Power, and Other Oddities. Reading: “How Statistics Lie,” *Armchair Economist* chapter 13

February 5: Chapter 18: Basic Finance: Risk versus Return. *Armchair Economist* chapter 20.

February 10: Efficient Markets and Random Walks. Reading: *Armchair Economist* Chapter 20, “Random Walks and Stock Market Prices,”

February 12: Buffer Day/Review

February 17: Exam 1

Section Two: Money and Banking/Macroeconomic Theory

Chapter 29: The Financial System: What is Money?

February 19: Chapter 17: Money Supply Growth and Inflation: The Equation of Exchange and other Inflation Topics

February 24: Chapter 26: Macro Fluctuations and the AD/AS Model: Facts to Explain, Old Attempts at Explanation

February 26: AD/AS and the Long Run.

March 3: Chapter 30: Monetary Policy

March 5: Chapter 32: Fiscal Policy, Crowding out, and Stabilization.

March 10: Chapter 33: Deficits and Debt. Reading: “The Mythology of Deficits,” *The Armchair Economist* chapter 11

March 12: Chapters 27 and 28: Keynesian and Neoclassical Macroeconomics.

March 24: Chapter 34: Stabilization policy.

March 26: Exam 2

Section Three: International Trade

March 31: Chapter 3: Production Possibilities and the Law of Comparative Advantage

April 2: More examples of trade. Reading: “The Iowa Car Crop,” *Armchair Economist* chapter 21, and “A Farewell to Jobs,” *The Economics of Public Issues* chapter 31

April 7: Chapter 9: International Trade in a Supply/Demand Framework

April 14: Common Arguments Against Trade. Bastiat’s [Petition of the Candlemakers](#).

April 16: Chapter 25: International Finance: Some Accounting Identities

April 21: Chapter 31: Open-Economy Macroeconomics

April 23: The Circular Flow and the Connection Between Loanable Funds and Currency
Exchange Markets.

April 28: Trade Deficits, Exchange Rates, and PPP

April 30: Review

May 5: Final Exam, Friday at 1:00 P.M.