

Econ 102 19022

Rhodes College Department of Economics and Business Administration

Tuesdays and Thursdays, 9:30 to 10:45 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:

Mankiw, Gregory. *Principles of Macroeconomics, 4th Edition*. Thompson Southwestern, 2007.

It is available in the bookstore. It’s very good textbook, and the market leader.

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 Mondays and Wednesdays from 3:30 to 4:30, 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 now, 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, the papers, and the quizzes. They will be weighted as follows:

- Homework: 10%
- Quizzes: 10%
- Exam 1: 20%
- Exam 2: 30%
- Exam 3: 30%

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
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
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Section One: Macroeconomic Measurement

August 28: Course introduction and syllabus review. Chapter 10: GDP, Breaking down GDP, and Real versus Nominal
September 2: Chapter 11: Inflation: CPI versus GDP Deflator
September 4: Chapter 12: Growth: Productivity, Diminishing Returns and Convergence.
September 9: Institutional Contributions to Growth. Reading: “The Mystery of Wealth,” *The Economics of Public Issues*, chapter 4
September 11: Chapter 15: Unemployment: Definitions
September 16: Minimum Wages, Market Power, and Other Oddities. Reading: “How Statistics Lie,” *Armchair Economist* chapter 13
September 18: Chapter 13: Capital Markets: Markets and Middlemen
September 23: National Savings Identities and the Loanable Funds Market.
September 25: Exam 1

Section Two: Money and Banking/Macroeconomic Theory

September 30: Chapter 14: Basic Finance: Risk versus Return
October 2: Efficient Markets and Random Walks. Reading: “Random Walks and Stock Market Prices,” *Armchair Economist* chapter 20. Chapter 16: The Financial System: What is Money?
October 7: Chapter 17: Money Supply Growth and Inflation: The Equation of Exchange and other Inflation Topics
October 9: Chapter 20: Macro Fluctuations and the AD/AS Model: Facts to Explain, Old Attempts at Explanation
October 14: AD/AS and the Long Run.
October 16: Chapter 21: Monetary and Fiscal Policy
October 23: Crowding out and Stabilization. Reading: “The Mythology of Deficits,” *The Armchair Economist* chapter 11
October 28: Chapter 22: The Phillips Curve
October 30: Chapter 23: Issues in Macroeconomic Policy
October 4: Exam 2

Section Three: International Trade

October 6: Chapter 3: Production Possibilities and the Law of Comparative Advantage
October 11: 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
October 13: Chapter 9: International Trade in a Supply/Demand Framework
October 18: Common Arguments Against Trade
October 20: Chapter 18: International Finance: Some Accounting Identities
December 2: Chapter 19: Open-Economy Macroeconomics
December 4: The Connection Between Loanable Funds and Currency Exchange Markets.
December 9: Trade Deficits, Exchange Rates, and PPP
December 12: Final Exam, Friday, 1:00 P.M.