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## ECON 102-01, Introduction to Economics, Spring 2007

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Econ 102 27504  
Rhodes College Department of Economics and Business  
Mondays, Wednesdays, and Fridays, 8:00 to 8:50 A.M.  
Buckman Hall 212

Econ 102 27505  
Rhodes College Department of Economics and Business  
Mondays, Wednesdays, and Fridays, 12:00 to 12:50 A.M.  
Buckman Hall 212

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, 4<sup>th</sup> 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, 14<sup>th</sup> 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 Monday, Wednesday, and Thursday, from 2:00 to 3:30, 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

### Section One: Macroeconomic Measurement

January 10: Course introduction and syllabus review. Chapter 10: GDP

January 12: Breaking down GDP, and Real versus Nominal

January 15: MLK day; no class.

January 17: Drop/add Ends. Chapter 11: Inflation: CPI versus GDP Deflator

January 19: Chapter 12: Growth: Productivity

January 22: Diminishing Returns and Convergence.

January 24: Institutional Contributions to Growth. Reading: "The Mystery of Wealth,"

*The Economics of Public Issues*, chapter 4

January 26: Chapter 15: Unemployment: Definitions

January 29: Minimum Wages, Market Power, and Other Oddities. Reading: "How

Statistics Lie," *Armchair Economist* chapter 13

January 31: Chapter 13: Capital Markets: Markets and Middlemen

February 2: National Savings Identities and the Loanable Funds Market.

February 5: Buffer Day/Review

February 7: Exam 1

### Section Two: Money and Banking/Macroeconomic Theory

February 9: Chapter 14: Basic Finance: Risk versus Return

February 12: Efficient Markets and Random Walks. Reading: "Random Walks and Stock

Market Prices," *Armchair Economist* chapter 20

February 14: Chapter 16: The Financial System: What is Money?

February 16: Who is your Fed, and what does it do?

February 19: Chapter 17: Money Supply Growth and Inflation:

February 21: The Equation of Exchange and other Inflation Topics

February 23: Chapter 20: Macro Fluctuations and the AD/AS Model: Facts to Explain,

Old Attempts at Explanation

February 26: AD/AS and the Long Run

February 28: Chapter 21: Monetary and Fiscal Policy: What the Fed Does

March 2: Chapter 21: Monetary and Fiscal Policy: What the Fed Does

March 5: Mid-term grades are sent out. What Congress and the President do.

March 7: Crowding out and Stabilization.

March 9: Reading: "The Mythology of Deficits," *The Armchair Economist* chapter 11

March 10 through March 18: Spring Break

March 19: Chapter 22: The Phillips Curve

March 21: Chapter 23: Issues in Macroeconomic Policy

March 23: Buffer Day/Review

March 26: Buffer Day/Review

March 28: Exam 2

Section Three: International Trade

March 30: 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 4: More discussion of trade and its consequences

April 5 through April 8: Easter Break

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

April 11: Tariffs and Quotas

April 13: Common Arguments Against Trade

April 16: Chapter 18: International Finance: Some Accounting Identities

April 18: Chapter 19: Open-Economy Macroeconomics

April 20: The Connection Between Loanable Funds and Currency Exchange Markets.

April 23: Trade Deficits, Exchange Rates, and PPP

April 25: More Trade

April 27: Last day of classes. Buffer Day/Review

Final Exam, 8:00 section: April 30, 1:00 P.M.

Final Exam, 12:00 section: May 4, 12:00 noon.