Economics 2105: Spring 2014

Dr. Jonathan E. Leightner

Office: Allgood Hall # E-139

Professor’s Office Hours: Monday and Wednesday: 8:30am – 9:55 am and 6:45pm – 9 pm.

Tuesday: 8:30am – 11:30am. Appointments at other times are also possible.

Drop-ins are welcome; however, students with appointments have priority.

Office Hours for Economics Tutor – Joshua Rhodes to be held in the CAP Center:

Monday: 9am – 11am; Wednesday: 9am – noon, 2:30 pm – 4pm; Thursday: 11am – noon; Friday: 9 am – 11:30 am.

Goals:

1. Students should understand the basic, current, western macroeconomic models so well that they can explain and use these models. In order to use the models, students will need to be able to replicate key graphs and discuss what causes different lines to shift and the resulting consequences.

2. Students should understand that these economic models are tools with uses and limitations. Furthermore, they should be able to evaluate the usefulness of these tools for analyzing different "real world" situations and be able to apply the models when appropriate.

Grades:

To earn a “C”, “B”, or “A,” the student must earn at least a 70, 80, or 90 average, respectively. If the student misses more than two class periods (note: three tardies = one absence), this average will be determined by option 1:

Option 1:

Test 1, 2, and 3 @ 15 % each = 45 %

Quizzes 1 and 2 @ 5 % each = 10 %

Scavenger Hunt 30 %

Country Analysis 15 %

If the student misses no more than 2 class periods, then their average will be the highest of options 1, 2, and 3.

Option 2:

Highest Grade on Test 1, 2, and 3 30 %

Other Two Tests @ 15 % each = 30 %

Quizzes 1 and 2 @ 5 % each = 10 %

Scavenger Hunt 30 %

Option 3:

Tests 1, 2, and 3 @ 30 % each = 90 %

Quizzes 1 and 2 @ 5 % each = 10 %

If a student arrives late, it is their responsibility to contact me right after class to ensure that they are marked present.

Tests:

Each test will have two parts. The first part will require the reproduction and application of key graphs and explanations. Part one of the test must be handed in before the student will receive the second part of the test. The second part of the test will be multiple choice where a significant number of the questions will require the student to recognize which graph best fits a given passage from a newspaper article. The newspaper article will be given to the class at least one class period before the test; however, the passages of that newspaper article that will be on the test will not be marked. The third test will be comprehensive.

Country Analysis:

Country analyses must be conducted on a country which no other student is analyzing and may not be conducted on the US. This analysis must graphically depict current events and government policies with the Three Diagram and Foreign Exchange models. The macroeconomic condition of the country (growth, inflation, and unemployment rates) should be presented as well as the root causes of this condition and how the government is attempting to influence the macro economy through fiscal, monetary, and exchange rate policy. Using your country as an example, discuss how possible macroeconomic goals reinforce each other or conflict. Describe the current economic projections for your country and the reasons for these projections. What would you recommend that the government of your country do? Discuss both the advantages and disadvantages of your recommendations. (Hint: think about how your recommendations affect all the possible goals of the government).

To get an "A" on the country analysis, the student must (1) adequately cover all the issues listed above, (2) present error free graphs, and (3) present applications of the models that have not been previously presented by the professor. Such applications show that the student has truly learned to "think using the models." The country analysis is due at the beginning of class on April 28th. No late papers will be accepted (not even 5 minutes late).

Article Scavenger Hunt Rules:

All articles must be dated between January 1, 2014 and April 23, 2014 (any article submitted with a date before January 1, 2014 will not count towards the grade). Articles in the Wall Street Journal, as well as in other respectable newspapers may be used; however, each article must be cut out of the print version of the newspaper or be a photo copy of the print version of the newspaper. Each article should be referenced with the date, page, column number, and author (when available). Each article must be accompanied by a statement of the article’s main points as they relate to the scavenger hunt item (one to three sentences should be sufficient for most articles). The part of the article that most clearly corresponds to the scavenger hunt item must be circled or highlighted. Items 1 through 18 on the Scavenger Hunt Chart must be accompanied by a graphical representation of the scavenger hunt item. All axes must be correctly labeled (the y-axis on the international money model must be labeled with an actual exchange rate, not with just an “e”). Furthermore, the graph should be complete – domestic models should number shifts chronologically and international models should show what happens to the exchange rate, foreign reserves, exports, and imports. Even if someone else found a given application, each student must correctly redraw the graph (no photo copies will be accepted). Items 19 through 22 must include an explanation of why the article found represents the view requested.

Correctly drawn and presented articles in column 1 are worth 10 points each. Correct articles in column 2 are worth 6 points each and correct articles in column 3 are worth 3 points each. Only one application will count per row. Thus a student will receive either 10, 6, or 3 points for a row that they correctly complete – they will not receive 19, 16, 13 or 9 points. A specific article can not be used for more than one row of the Scavenger Hunt Chart. There is a maximum of 100 for the entire scavenger hunt (however, I strongly suggest that you aim for 120 points in case I find mistakes). The first student to find and present an article to the class will receive credit for the column 1 application for the appropriate row. No other student will receive credit for column 1 for the same row. A given student can have a maximum of 4 articles in the first column. Applications in column 1 can be presented immediately after the corresponding material is presented in class. The student should also present his scavenger hunt chart to the professor when he presents an article to the class, thus, allowing the professor to initial the appropriate column 1 cell for the student. If a student wants to present an article at the beginning of class, they should arrive early to class and draw their graph on the board using Dry Erase Markers only (the presenter’s name, the title of the article, date of the article, page of the article, and author of the article (if known) should also be written on the board). The first student to correctly get a particular application on the board will get credit for it. A maximum of 4 students will be allowed to present articles to the class each day (no articles can be presented on test and quiz days).

The number of articles used in either the second or third column (but not both) is only limited by the number of rows. The scavenger hunt must be turned in at the very beginning of class on April 23rd along with the brief statement (one to three sentences should be sufficient) of each article’s main point and graphs (for items 1 – 18). Articles should be placed in the order given on the Scavenger Hunt Chart. The Scavenger Hunt Chart should be placed on the top of the project with the appropriate cells checked off. Incorrect applications will not count towards the student’s grade; however, partial credit may be given for partially correct applications. The grade on projects turned in after the beginning of class on April 23rd will be reduced by 10 points for every day (or part of a day) they are late (Saturday and Sunday count as one day). No projects will be accepted after the beginning of class on April 28th. Note, a student can earn a 66 on the project if all 22 items are presented to the class and if that student merely correctly duplicates each of those 22 items.

Any violation of the above rules (not putting the articles in order, not attaching a correctly marked scavenger hunt chart, not highlighting or circling the part of the article you are referencing, or using on-line articles instead of print articles) will result in a 30 point penalty for the grade.

Attendance:

It is essential that students come to every class because most of the material in the class will build on previous lectures. If a lecture is missed, then the student may be lost for the rest of the semester. The two absences permitted under grade option 2 are for unavoidable emergencies like sickness. If possible, never miss this class. I will not automatically withdraw students; thus, if you stop attending and do not withdraw yourself, then you will probably receive an “F.”

Absences on Exam and Quiz Days:

All students are expected to take their tests and quizzes on the days scheduled for the tests and quizzes. If a student knows that they cannot take a test or quiz on the scheduled day, then they need to discuss this with the professor as early as possible and arrange to take the test or quiz **before** the scheduled test or quiz date. If a student does not take the test or quiz by the scheduled test day then (at the professor’s discretion) one of the following will be implemented: (1) the student will receive a zero for the test or quiz, (2) the student will have to take a make-up test that is harder than the original test (no make-up quizzes will be given), (3) the weight of the test or quiz will be distributed to the other tests given in the course, or (4) the grade on the country analysis will replace the grade on the test. For possibilities 2, 3, and 4, the student will have to provide proof that (1) the missing of the test was unavoidable and (2) the taking of the test early was not possible. This proof must satisfy the professor (for illnesses, a copy of a doctor’s bill **and** excuse will be required).

Class Room Courtesy:

In order to meet the goals of the course outlined above, students are encouraged to ask questions, think critically about what they are being taught, and express their own analysis of issues related to the course material. Students are expected to listen to and consider the views expressed by other students. However, there is a certain amount of material which must be covered in this course. Therefore, the professor has the right and obligation to encourage discussions when appropriate, to postpone discussions until later in the course when later course material would shed significant light on the discussion, and/or to end discussions when appropriate. Students should shut off all beepers and cell phones before entering class. The professor will consider granting exceptions to this rule if a student can provide an adequate justification in advance. In general, students are asked to refrain from any activity which interferes with the goals of this course. Cheating will not be tolerated and will be prosecuted to the fullest extent of the rules and regulations of Augusta State University.

Recording Lectures:

Some students benefit from tape recording my lectures. By tape recording the lectures, these students can concentrate more on understanding what I am saying and on copying graphs correctly. However, students also learn by writing out the notes. Therefore, I encourage the recording of my lectures under the one condition that students keep the recordings a maximum of one week. Thus, a student could record both Monday’s and Wednesday’s lectures and then transcribe the notes over the weekend.

Text:

*Principles of Economics* by Libby Rittenberg and Timothy Tregarthen can be read on the internet for only $ 19.95 at http://students.flatworldknowledge.com (however, you have the option to read on the internet, and on an e-reader, and print out chapters for $ 34.95 or purchase a black and white hard version of the book for $ 44.95). Reading the textbook prior to class is important in order to become familiar with the concepts that will be presented in over an hour of lecture which builds on itself. Lectures will restructure and go beyond what is given in the text. Using internet explorer may produce problems with viewing the graphs in this text. Firefox will work better for the graphs.

In addition to the on-line text book, each student should have a subscription to the Wall Street Journal. If you sign up for the Wall Street Journal through <http://www.wsj.com/studentoffer> then you will get a discount of 75% off of the newsstand price. Specifically you can order 15 weeks of the Journal for $ 15.00 or a whole year of the Journal for $ 99.95. Please be sure to put my name as the referring professor (Jonathan Leightner).

Tentative Schedule

Subject Pre‑class Readings Date

I. Supply and Demand.............................Appendix of Ch 1, and Ch 3 & 4 ............... 1/6-1/8

Macroeconomic Goals...........................................Ch 20 & 21 .............................. 1/13-1/15

Holiday ……………………………………………………………………... 1/20

II. Macroeconomic Models

A. AS/AD Model................................................... Ch 22 ...................................... 1/22

B. Money

1. Money Market Model..................................... Ch 24-25 ………. .................. 1/27-1/29

2. Three Diagram Model......................................................... ............................. 2/3-2/5

Quiz 1 and Example of Article Analysis......................................................... 2/10

The current crisis, consumption, and saving ……………………………….. 2/12

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\* Test 1 \*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\* 2/17

C. Foreign Exchange Model ................................. Ch. 30 .................................. 2/19 – 2/24

Quiz 2 and Example of Article Analysis ……………………………….… 2/26

III. Macroeconomic Issues, Debates, and Applications:

A. Monetarism and Rational Expectations ...............Ch 26……. ......................... 3/3

Midterm ……………………………………………………………………… 3/3

B. Keynesian Model & Multipliers........................Ch 27-28……………............. 3/5 – 3/10

B. Deficits and the National Debt ................................................. ....................... 3/12

C. Estimates of Current Fiscal and Monetary Multipliers ……Handouts……… 3/17

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\* Test 2 \*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\* 3/19

V. The Asian Financial Crisis ......................................Handouts . ........................... 3/24-3/31

VI. International and Domestic Interconnections ………………………………….. 4/2

Holiday …………………………………………………………………….. 4/7-4/11

VII. Marxism ....................................................................Ch 34................................ 4/14

Centrally Planned Economies ……………………………………………... 4/16

China ……………………………………………………………………….. 4/21-4/23

Teacher Evaluations, Sample Article Analysis, Questions ……………….... 4/28

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\* Test 3 (Comprehensive) \*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

Morning class (2105C): May 1 from 10 am to noon (E-156)

Evening class (2105B): April 30 from 6 pm to 8 pm (E-254)

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Scavenger Hunt Chart

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | 1 | 2 | 3 |
|  | Item Sought | First to find and present | A new one found by me but not presented | An article found by someone else. |
| 1 | Lorenze Curve |  |  |  |
| 2 | Domestic Model: Δ AD |  |  |  |
| 3 | Domestic Model: Δ AS |  |  |  |
| 4 | Domestic Model: Δ money supply |  |  |  |
| 5 | Domestic Model: Δ money demand |  |  |  |
| 6 | Domestic Model: Δ I\* |  |  |  |
| 7 | International Money: Δ X, flex e |  |  |  |
| 8 | International Money: Δ M, flex e |  |  |  |
| 9 | International Money: Δ Dnt, flex e |  |  |  |
| 10 | International Money: Δ Snt, flex e |  |  |  |
| 11 | International Money: Δ X, fixed e |  |  |  |
| 12 | International Money: Δ M, fixed e |  |  |  |
| 13 | International Money: Δ Dnt, fix e |  |  |  |
| 14 | International Money: Δ Snt, fixed e |  |  |  |
| 15 | International Money: Δ r, flex e |  |  |  |
| 16 | International Money: Δ r, fixed e |  |  |  |
| 17 | Stacked Keynesian: Δ (I\*+G+X) |  |  |  |
| 18 | Stacked Keynesian: Δ (S\*+T+M) |  |  |  |
| 19 | Keynesian View |  |  |  |
| 20 | Monetarist View |  |  |  |
| 21 | Rationale Expectations View |  |  |  |
| 22 | Marxist View |  |  |  |
| Σ |  |  |  |  |