

St. John's University
The Lesley H. and William L.
Collins College of Professional Studies
Division of Administration and Economics

Principles of Economics II
ECO-1002-71717
Fall 2021
W: 1:50 – 4:40 pm, MAR 331

INSTRUCTOR

Instructor: Cameron M. Weber, Ph.D.
weberc1@stjohns.edu
cameron_weber@hotmail.com
website: cameroneconomics.com (syllabus and other course materials under the
“teaching” page)
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IMPORTANT DATES

First day of class: September 1, 2021
Last day to add/drop class: Sept. 8
Homework Essay #1 due: Sept. 15
Last day to drop class without transcript notation: Sept. 17
Homework Essay #2 due: Sept. 29
Midterm exam: October 6
Final for optional group sign-up: Oct. 13
Group presentation assignments finalized: Oct. 20
Quiz on supply and demand: Oct. 27
Last day to withdraw or apply for pass/fail: November 8
Group Presentations: December 1
Final exam week: Dec. 13-18

COURSE DESCRIPTION

This course introduces the theory of a firm and the markets it operates in. It focuses on determining the level of output and prices for firms, and on various market structures with respect to levels of competition.

COURSE PREREQUISITE

None

LEARNING OUTCOMES

Upon completion of the course, students will be able to:

1. Analyze the microeconomic decisions made by the consumer, the firm and policy-makers from the perspectives of efficiency and equity.
2. Understand the market structure within which the consumer and the business firm function.
3. Study the factor markets and income distribution.
4. Investigate the interdependence of national economies in the context of international trade.
5. Explain the causal links between micro- and macro-economics, including labor-market and monetary interventions.
6. Discern reasons for current events based on an economic perspective
7. Discern reasons for current events based on an economic perspective. Learn of other schools of economic thought different from mainstream economics, such as Marxian, Public Choice, Institutional and Austrian economics, in order to understand the differing views of societal economic organization and economic regulation that these perspectives offer.

REQUIRED MATERIALS

Main text (Suggested, not mandatory)

N. Gregory Mankiw, *Principles of Microeconomics*, South-Western (Any edition; the chapters listed below are from the 6th edition, which covers more public choice economics than does subsequent editions). As long as a student understands the teaching modules and other materials, there is no need for the textbook, which can serve as a reference as needed. The Mankiw 6th Edition is on-reserve at the university library.

Students should stay current on topical events in the economy by reading the *Economist* magazine, the *New York Times*, the *Wall Street Journal*, the *Financial Times* and/or a trade journal specific to a special area of interest. Discussing current events will allow us to more fully understand and apply the learning material.

Students should familiarize themselves with all the material on the instructor's website 'teaching' page related to this course, and with the instructor's "Cameron's Teaching Modules" youtube channel.

GRADING POLICY

METHODS OF INSTRUCTION

- Lectures and related readings
- Discussion of current events
- Exams and review of exams in class
- Group research and presentation
- Homework writing assignments

STUDENT PERFORMANCE EVALUATION:

| | |
|----------------------------------|------------|
| Attendance and Participation | 15% |
| Homework writing assignments | 15% |
| Midterm Exam | 15% |
| Quiz | 15% |
| Group Research and Presentations | 15% |
| Final Exam | <u>25%</u> |
| | 100% |

The course meets in-class three hours per week for 14 weeks. Class preparation and readings outside of class will require at least two hours of study for each hour of class time.

ASSESSMENTS

Students may be assessed by several questions during the Final Exam which are given to all students taking the various sections of the same course with the Collins College of Professional Studies.

GRADING PROTOCOL

Class attendance and participation: 15%

For the class participation grade students are encouraged to discuss issues based on the subject matter for each class period, topics on economics relating to current events and to ask clarification or add to material as discussed and presented in class (there are no irrelevant questions or comments). It is preferred that students ask clarifying questions during class, both on course subject matter as presented and course grading procedures so that other students can benefit from discussions / clarifications on general course content.

All discussions initiated by students will add to a student's grade for class participation. To get an "A" for this portion of the grading protocol a student must participate in class discussion and have consistent class attendance. We prefer discussion on content over procedure. Most procedural items are in this syllabus for that reason.

Exams: 40%

There are two exams for the class, a midterm and a final. The midterm exam counts for 15% of the class grade, the final exam for 25% and is cumulative. Exam questions will be drawn from material discussed in class, so students are encouraged to ask questions (again part of class participation) if you would like more clarification on, or to debate, a concept as it is presented in class.

Each exam will be true/false and multiple choice questions. The final exam will be 40 questions, and the midterm will be 25 questions. The final exam may contain 10 assessment questions from CPS as part of the college's accreditation process and 30 questions from the instructor, depending on the cycle of the accreditation process.

Quiz: 15%

There is one quiz based on the "law of supply and demand." Students will draw and explain supply and demand graphs representing differing economic scenarios as discussed in class and as listed in this syllabus.

Writing Assignments: 15%

There are two writing assignments for this class. Students should familiarize themselves with the Foundation for Economic Education (fee.org) and their posts ("stories") about current and historic events from an economic perspective. You can also subscribe to the FEE daily email for posts, highly recommended as also serves as a timely and relevant news consolidator. For each of the two homework essays students should choose one FEE story to write a paragraph or two about.

Each essay should be about 200 words (the homework should include a word count) and should address, 1) why did you choose this story to write about? and 2) what did you learn and how does this apply to economics? If the essay is on-time, one or two paragraphs about 200 words in length total, and you address 1) and 2) then you will receive full credit for each assignment. Ideally you will submit the HW in hard-copy in-class on the day that it is due (so that I can mark it-up and return to you), but you can also send the HWs to my hotmail account, entering "CPS 1002" in the subject line of the email.

Group Research and Presentations: 15%

For the group project students will choose a research topic related to current events in microeconomics and industrial organization and do group research and presentation on the topic. The instructor will make available suggested topics, however student groups are able to select their own topic as long as they discuss the topic with the instructor first. Each topic will be presented only once so if students are interested in a topic they should sign-up. Students can sign-up before the due date for presentations and topics, any student who has not signed-up or any groups without topics, will be assigned by the instructor (see the class schedule at the end of the syllabus). There is no grade penalty for not signing-up for group research prior to the final group assignments.

Depending on final class enrollment, there will be 6 or 7 groups to do research and presentation projects, with between 4 and 6 members in each group. The group presentations are to be 10 minutes each and will take place the last class period. Presentations can include any type of presentation material (“chalk and talk,” PowerPoint, youtube videos, etc.). Each research topic and presentation should include at least four references, the Mankiw text and class lectures can be included as a reference as can articles in the press, on-line research or in peer-reviewed journals. At the end of each presentation we will leave 5 minutes for group-led questions and answers and discussion.

Half of the group grade will come from the instructor and half from students. The instructor will distribute peer-review grading sheets to students prior to the presentations at the end of the semester. Attending the presentations, participating in Q&A and turning in a completed peer-review sheet also adds to the class participation grade for the semester.

Grading Policy:

“A”: 91-100% of possible points for the semester, “A-“: 90 points, “B+”: 89 points, “B”:
81-88 points, “B-“: 80 points, “C+“: 79 points, “C”:
71-78 points, “C-“: 70 points, “D” 60-69 points. Everything below 60 points is an “F”.

Note that this grading policy pertains to both the group peer reviews and the course grade.

Class Rules:

There are no make-up exams or homework assignments, and there is no extra-credit opportunities. Missed deadlines due to documented medical or other emergencies mean that we re-weight the grading protocol to account for missed work. Students must submit documentation for missed deadlines to the instructor as soon as possible before or after a missed class deadline, failure to do so will mean that the student will lose the points for the missing grade.

ATTENDANCE POLICY

See above on grading protocol.

ACADEMIC INTEGRITY

All St. John's University students are expected to abide by the Academic Honor Pledge:

<https://www.stjohns.edu/student-life/queens-campus-life/office-student-conduct/academic-honor-pledge>

Any cases of academic misconduct will be forwarded to the Dean of College of Professional Studies for further action, which may include a written reprimand, academic probation, suspension, or expulsion from the University. Detailed information about how allegations of academic misconduct are handled can be found by clicking the link above, then referring to the pull-down menu, "Judicial Process for Violations of the Academic Honor Code."

SERVICES FOR STUDENTS WITH DISABILITIES

Services for students with a documented disability are available through the Office of Disability Services. All documentation is kept confidential and should be submitted directly to the [Office of Disabilities Services](#). Students (not their parents) requesting accommodations should identify their needs as early as possible. All information regarding the student's accommodations is provided to the student.

The following person has been designated to handle student inquiries regarding the Americans with Disabilities Act and the Amendments Act, the Rehabilitation Act, and related statutes and regulations: **Dorothy Schmitt**, Associate Director of the Counseling Center, Marillac Hall, Room 130, 8000 Utopia Parkway, Queens, NY 11439, schmittd@stjohns.edu; 718-990-1482.

NOTICE OF NON-DISCRIMINATION AND EQUAL OPPORTUNITY

St. John's University does not discriminate on the basis of race, color, national or ethnic origin, sex (including sexual harassment and sexual violence), sexual orientation, gender identity, disability, religion, age, status in the uniformed services of the United States (including veteran status), marital status, status as a victim of domestic violence, citizenship status, genetic predisposition or carrier status in its programs and activities as required by Title IX of the Educational Amendments of 1972, the Americans with Disabilities Act of 1990 and the Amendments Act, Section 504 of the Rehabilitation Act of 1973, Title VI or Title VII of the Civil Rights Act of 1964, and other applicable statutes and University policies.

The following person has been designated to handle inquiries regarding the non-discrimination policies and to serve as the Title IX coordinator for purposes of overall campus compliance: **Keaton Wong**, Director of Equal Opportunity, Compliance and Title IX, 8000 Utopia Parkway, Queens, NY 11439, wongk1@stjohns.edu; 718-990-2660.

ADDITIONAL INFORMATION

Supplemental Reading Material

Friedrich Hayek (1945). “The Use of Knowledge in Society.”
<http://www.econlib.org/library/Essays/hykKnw1.html>

Anne O. Krueger (1974). “The Political Economy of the Rent-Seeking Society.”
<http://cameroneconomics.com/kreuger%201974.pdf>

Additional References

David T. Beito (2000). *From Mutual Aid to the Welfare State*. Chapel Hill: The University of North Carolina Press.

Michele Boldrin and David K. Levine. 2008. *Against Intellectual Monopoly*.
[<http://www.dklevine.com/general/intellectual/againstfinal.htm>.]

James Buchanan (1969). *Cost and Choice: An Inquiry in Economic Theory*. Chicago: Markham Publishing.

Ronald Coase (1937). “Nature of the Firm”, <http://cameroneconomics.com/coase%201937.pdf>

Government Accountability Office (GAO) (2021). Report on Nation’s Fiscal Health,
<https://www.gao.gov/products/gao-21-275sp>

Friedrich Hayek (1945). “The Use of Knowledge in Society.”
<http://www.econlib.org/library/Essays/hykKnw1.html>

Sriya Iyer (2016). “The New Economics of Religion,” *Journal of Economic Literature* 54 (2).

John Maynard Keynes (1936). *The General Theory of Employment, Interest and Money*. London: Palgrave Macmillan.

Alan B. Krueger (2019). *Rockonomics*. NYC: Penguin Random House.

Anne O. Krueger (1974). “The Political Economy of the Rent-Seeking Society.”
<http://cameroneconomics.com/kreuger%201974.pdf>

Alfred Marshal (1920). *Principles of Economics*, New York: MacMillan Co.

Brink Lindsey & S. M. Teles (2017). *The Captured Economy: How the Powerful Enrich Themselves, Slow Down Growth, and Increase Inequality*. Oxford University Press.

Karl Marx and Frederick Engels (1848). *The Communist Manifesto*, available
<http://www.marxists.org/archive/marx/works/1848/communist-manifesto/>.

Carl Menger (1892). “On the Origin of Money.” <http://www.monadnock.net/menger/money.html>

G. Warren Nutter and Henry Adler Einhorn (1969). *Enterprise Monopoly in the United States: 1899-1958*. Columbia University Press.

Gerald P. O'Driscoll, Jr. (1978). "Spontaneous Order and the Coordination of Economic Activities." http://oll.libertyfund.org/?option=com_staticxt&staticfile=show.php%3Ftitle=106&chapter=6050&layout=html&Itemid=27

Mario Rizzo (1978). "Praxeology and Econometrics: A Critique of Positivist Economics", in Spadaro, ed. <http://cameroneconomics.com/new%20directions.pdf>

Edmund Phelps (2015) "What is Wrong with the West's Economies?" *New York Review of Books*. (Available on instructor's website.)

Joseph Schumpeter (1934). *The Theory of Economic Development*. (Available on-line through many sources.)

Adam Smith (1759). *The Theory of Moral Sentiments*. (Available on-line through many sources.)

Adam Smith (1776). *The Wealth of Nations*. (Available on-line through many sources.)

Hal Varian (1978). *Microeconomic Analysis*. New York: W.W. Norton & Company, available as ebook, <http://www.torrentz.com/6a249eb6521548a8bcdf607e22375a5a173ca889>

Thorstein Veblen ([1899] 2001). *The Theory of the Leisure Class: An Economic Study of Institutions* by New York: Macmillan.

Wall Street Journal (2014). "Regulatory Capture Theory 101", October 16, available on instructor's website.

Cameron Weber (2012). "Absentee Ownership in America", available on instructor's website.

Cameron Weber (2017). "The 'App Economy' versus Vested Interests," *Global Business Research Symposium Proceedings 11*, available on instructor's website.

Cameron Weber (2019). "When is a Monopoly not a Monopolist? A Case-Study on Ticketmaster," *Global Business Research Symposium Proceedings 13*, available on instructor's website.

Elizabeth Wurtzel (2014). *Creatocracy: How the Constitution Invented Hollywood*. Brooklyn: Thought Catalog Books.

Atlas Shrugged (film) (2011), directed by Paul Johansson. Adapted from novel of same name by Ayn Rand (1957).

The Formula (film) (1980), directed by John G. Avildsen.

U.N. Me (film) (2009), produced and directed by Ami Horowitz and Matthew Groff.

Sicario (film) (2015), directed by Denis Villeneuve.

Youtube.com videos as supplementary materials

Charlie Chaplin “Factory Scene”, <http://www.youtube.com/watch?v=CYbsBcPDVQM>

Milton Friedman “On Greed”, http://www.youtube.com/watch?v=RWsx1X8PV_A

F.A. Hayek and James Buchanan on positivism versus pattern prediction
<https://www.youtube.com/watch?v=kzNpD9DXU2w>

F.A. Hayek and Robert Bork on “intellectuals”, positivism and anti-trust regulation,
<https://www.youtube.com/watch?v=km0-La2gGt4>

Doug French, “Inflation’s Winners and Losers” <http://www.youtube.com/watch?v=Gu9o0Eii0gI>

“Fear the Boom and Bust”, <http://www.youtube.com/watch?v=d0nERTFo-Sk>

“Fight of the Century”, <http://www.youtube.com/watch?v=GTQnarzmTOc> “Keynes v Hayek Part 3”,
<https://www.youtube.com/watch?v=ZYwHCWkOBo8>

“Fiscal Cliff”, <http://www.youtube.com/watch?v=eiaYmhQsBHc>

“10 Principles by Standup Economist”, <http://www.youtube.com/watch?v=VVp8UGjECT4>

Robert Higgs, “Regime Uncertainty Then and Now” <http://www.youtube.com/watch?v=f73izHRGI1A>

Hardfire TV: Various episodes, <https://www.youtube.com/channel/UCYjy5RM1fUDR5mD2cOaPbUA>

Websites as supplemental materials

US Department of Justice Anti-Trust Division case-filings, <http://www.justice.gov/atr/antitrust-case-filings>

World Trade Organization (WTO) anti-dumping gateway,
https://www.wto.org/english/tratop_e/adp_e/adp_e.htm

<http://www.economicfreedom.org/>

The *Economist* “Crony Capitalism Index”, <http://www.economist.com/news/international/21599041-countries-where-politically-connected-businessmen-are-most-likely-prosper-planet>

National Bureau for Economic Research, [nber.org](http://www.nber.org)

<http://www.shadowstats.com/>

[Mygovcost.org](http://www.mygovcost.org)

TOPICS AND REFERENCES

Introduction: The Keynesian equation for measurement of the economy [$Y=C+I+G+(X-M)$], the burden of government measurement [G/Y], and introduction to the “Keynesian” and “Hayekian” ideal-types in order to understand the debates over economic policy. Also, relatedly economic growth in historical perspective, absolute poverty versus relative poverty, creative destruction versus macro-economic stability, and Sowell’s Rule on the difference between politics and economics.

Lecture, youtube

Teaching Modules: Sowell’s Rule, Keynesian v Hayekian Ideal-Types, Economic Growth and Size of the State in Historical Perspective

Other materials: Fear the Boom and Bust youtube

The following topics will be discussed in the order that they appear here (there may be exceptions based on current events and on how the semester unfolds). The Mankiw textbook chapter(s) cross-referenced to each topic are from the 6th edition, on-reserve for students at the library. All exam and quiz questions will come from material presented in class and from class discussions.

How people make decisions (Praxeology)

1. People face trade-offs

- | | |
|---|---------------|
| a. Efficiency versus Equality, positive & negative rights | Ch.1, Lecture |
| b. Marx, Veblen, Hayek on inequality | |
| c. Unsustainability of welfare-state | Bieto 2000 |
| i. demographic shifts, ii. “fiscal cliff” | Youtube |
| iii. “Life-cycle economics” and inequality | Rothwell 2017 |
| iv. Redistribution and negative/positive rights | |

Teaching Modules: Efficiency v. Equality, Negative and Positive Rights, Demographic Shifts, Life-Cycle Economics

Other Materials: Fiscal Cliff youtube, GAO 2021, Hardfire TV: Basic Income in the USA?

2. The cost of something is what you give up to get it

- | | |
|--|-----------------|
| a. Production Possibility Frontier, opportunity cost, market-process, economic growth and trade-off in G, C versus I | Ch.2 Lecture |
| b. Opportunity cost, time-preferences and Loanable Funds (LF) Market, | Ch.13 |
| i. capital structure and stages of production under natural rate of interest | |

Teaching Modules: Factors of Production, Production Possibility Frontier One and Two, What is a Bond?, Loanable Funds Market, LF Market & Pay Day Loans

3. Rational people think at the margin

- | | |
|--|------------------|
| a. Adam Smith, i. personalized relationships (approbation/sympathy) | Smith 1759 |
| ii. depersonalized relationships (self-interest, “invisible hand”) | Ch.1, Smith 1776 |
| iii. decentralization, secession and Brexit vote | Lecture |
| iv. specialization of labor, extent of market & econ growth | Chaplin youtube |
| b. Milton Friedman on greed | Youtube |
| c. From labor theory of value to subjective value in demand, Wundt curve, “marginal revolution” | Hardfire TV |
| c. Marginal Utility, marginal utility of money, and debate over interpersonal comparisons of utility (IPCU) | Ch.14 |
| d. discussion on “rationality, “greed,” “self-interest” | |
| e. the Action Axiom | |
| f. Demand Curve, movements and shifts | Ch.4 |
| g. Supply Curve, movements and shifts | |
| h. intro to price elasticity, OPEC oil shock example. | Chs. 5&6 |
| i. Normal, inferior, luxury, Veblen & experience goods, positional goods, compliments, substitutes and competition | Lecture |

Teaching Modules: Adam Smith One and Two, Marginal Revolution & Utility, Interpersonal Comparison of Utilities?, Economic Rationality, Demand and Supply Shifts, Price Elasticity: OPEC Example, Goods Typologies

Other Materials: Charlie Chaplin youtube, Milton Friedman On Greed youtube, Hardfire TV: Why Adam Smith is not a Free-Market Economist

4. People respond to incentives

- | | |
|---|------------------------|
| a. Tax and subsidy incentives, tax revenues and expenditures | Ch. 13, Hardfire TV |
| i. introduction to rent-seeking and public choice, US agriculture law, “crony capitalism” | Lecture |
| ii. ‘Bootleggers and Baptists’, faction, special interests | <i>Economist</i> Index |
| b. Laffer Curve and taxes | Ch.8 |
| c. discussion on incentives | Youtube |

Teaching Modules: Taxes and Subsidies, Rent-Seeking Explained, Laffer Curve, Residuals

Other Materials: David Friedman Price Theory youtube

How people interact (Catallaxy)

5. Trade can make everyone better-off

- a. Comparative Advantage Ch.3
- vb. Supply & Demand, i. Consumer and Producer Surplus, Ch.7
- ii. assumptions under “perfect competition,”
- iii. factors of production and factor mobility,
- iv. emerged price and quantity & disbursed knowledge Hayek 1945
- c. Marginal Productivity Theory of Distribution and the Lecture
creation of value
- d. rent-seeking in trade and the production possibility frontier Krueger 1974

Teaching Modules: Comparative Advantage, S&D Surplus and DWL of Intervention, Marginal Productivity Theory of Productivity, Rent-Seeking & Production Possibility Frontier

Other Materials: Hardfire TV: Why Trade Barriers Harm Everyone

6. Markets are usually a good way to organize economic activity

Unintended Consequences of Government Intervention

- a. Deadweight Loss (DWL) of government intervention (tax example) Ch.8
- b. Rent-seeking and transfer of surplus to special interests, Krueger 1974
Economist cronyism index
- c. “Knowledge problem,” “fatal conceit,” prices and social crisis Hayek 1945
- d. Unintended Consequences of government intervention into markets, Lecture
- i. International war on drugs, ii. Rent control, iii. Minimum wage, Ch. 4, Hardfire TV
- iv. Price controls and disaster response, v. solar panels Lecture
- vi. Tuition, healthcare & barriers-to-entry Lindsey & Teles 2017
- vii. Elasticities and tax on luxury goods
- e. Factor mobility, price adjustments & knowledge problem Hayek 1945
- f. Regulatory capture theory, WSJ, Lecture
- i. bond ratings, ii. BP Gulf of Mexico, iii. Madoff, iv. VW examples
- g. Affordable Care Act of 2010 as regulatory capture and rent-seeking

Teaching Modules: S&D Surplus and DWL of Intervention, S&D Hemp, S&D Rental Housing, S&D Wage-Labor Market, S&D Solar Panels, S&D Higher Education, S&D Healthcare, Unintended Consequences and Tax on Luxury Goods, Deepwater Horizon Capture, Madoff Capture, Bond Ratings Capture One and Two

Other Materials: Hardfire TV: Economics of Disasters

Theory of the Firm and Competition

Coase 1937, Chs.14-17

- a. Why the Firm?
- b. From perfect competition to monopoly and needed assumptions
- c. Monopolistic competition, oligopoly and price elasticities of demand
- d. Marshallian cost curves versus First Mover Advantage (FMA) Lecture
- i. firm supply curve as “price-taker”, “normal profit” ($p^*=ATC=MC$)
- ii. firm as “price-maker”, the marginal revenue curve and “above-normal” profits ($p>ATC=MC$)
- e. Stages of production, tax incentives and firm size Weber 2012
- f. Partial equilibrium v. General equilibrium
- g. Positivist economics, anti-trust regulation and FMA
- h. Hayek and Bork on positivism, models and ‘intellectuals’, critique of regulatory measurements Youtube
Weber 2019, Kreuger 2019
- i. Who decides? Consumer sovereignty v. ‘experts’, Hayek and Buchanan on “pattern prediction”, pattern of outcomes v. positivism Rizzo 1978
- j. ‘New economy’ versus vested interests Weber 2017

Teaching Modules: Competition Theory, Marshallian Cost Curves, Competition and FMA, Financialization and Absentee Ownership, Perfect Competition and Pattern Prediction

Other Materials: Hayek and Bork on Intellectuals youtube, Hayek & Buchanan on Pattern Prediction and Scientism

7. Governments can sometimes improve market outcomes

- a. Property rights and investment Ch.1 &12, Frazier Institute
- b. Externalities & spillovers: market failures, public goods Ch.1 & 7
- c. Market vs “command and control,” Coase Theorem Lecture
- d. Economic and paternalist roles for government, “job creation” i.
- e. Bond ratings, risk and (real) returns, Fisher Effects, bond yield curves and risk-premia on the future Ch. 8, Lecture

Teaching Modules: Intro to “Public Goods”, From Public Goods to Paternalism, Market Failure & Coase Theorem, Bond Theory and Capital Flows, Financial Cronyism in the USA

Other Materials: Hardfire TV: Why People Want to Leave New York, Hardfire TV: Public Goods

How the economy as a whole works (Macroeconomics) [We will do the following Economic Principles only if time during the semester.]

8.A country's standard of living depends on its ability to produce goods and services

- a. Keynesian equation and measurement of the economy, Ch.10
Gross Domestic Product (GDP) v. Gross Output (GO) Lecture
- b. Productivity (Y/N) Ch.1
- c. Burden of Government (G/Y) historically considered
- d. Oppt. cost: Investment versus Consumption & Government (redux)
- e. Historical economic growth under capitalism revisited Ch.12
- i. classical liberal, early capitalism vs. modern capitalism (redux)
- f. Bretton Woods: IMF, WB, WTO, unintended consequences Youtube, Ch.9

Teaching Modules: Keynesian v Hayekian Ideal-Types; Productivity, Inflation, Real Income; Production Possibility Frontier Two, Historical Perspective, Bretton Woods

Other Materials: Hayek v Keynes Part 3 youtube

9. Prices rise when the government prints too much money

- a. The three properties of money Lecture, Menger 1892
 - i. means of exchange, ii. unit of account, iii. store of value
- b. Quantity theory of money (MV=PQ) Ch.8
 - i. Keynesian, ii. Monetarist, iii. Austrian monetary theories
 - iv. Skyscraper Index and Austrian Capital Theory
- c. Consumer Price Index (CPI), real income Shadowstats.com
- d. Distribution effects of inflation, Youtube
- e. inflation as invisible regressive tax Lecture
- f. International goods and money flows Ch.17
- i. Current account and capital account, ii. International Fisher Effects, iii. Purchasing Power Parity (PPP) Hardfire TV
Big Mac Index

Teaching Modules: Properties of Money, Quantity Theory of Money, Bond Theory & Capital Flows, Inflation as Regressive & Invisible Tax

Other Materials: Doug French youtube, Hardfire TV: Balance of Payments

10. Society faces a short-run trade-off between inflation and unemployment

- a. The Business Cycle, counter-cyclical intervention vs. market-process & creative destruction Chs.1, 20 & 22, Hardfire TV
- b. Definitions of unemployment Ch.22, Shadowstats.com
 - i. "natural rate," ii. "cyclical," iii. "structural," iv. Labor Force Participation Rate as new normal ? Lecture
Weber 2018
- c. Definition of Inflation, i. indexing, surveys & experts vs. subjective time-preference and natural rate of interest
- d. Definitions of Recession and Depression

Teaching Modules: Definitions of Recession & Depression, Definition of Unemployment with Implications for Coronavirus, Inflation as Regressive & Invisible Tax

I. *Fiscal Policy*

- a. Keynesian “Demand-Side” fiscal policy & Aggregate Demand (AD) Ch.21
- b. Keynesian fiscal multiplier, i. knowledge problem, NBER and Lecture
fiscal policy lag-time
- c. Government deficit spending & “crowding-out” in LF Market Ch.22
- d. Demand-side v. Supply-Side economics

Teaching Modules: Crowding-out in LF Market, Supply-side v Demand-side Economics

II. *Monetary Policy*

- a. Philips curve, long- and short-term monetary policy Chs. 21 & 16
- b. Federal Reserve monetary policy,
 - i. Federal Open Market Operations (FOMC), monetary multiplier
 - ii. Monetary policy lag-time, iii. “pushing on a string” Lecture, O’Driscoll 2016
- c. Classical vs. modern Lender of Last Resort Bagehot 1873
- d. “Systemic risk” and “too big to fail”, Lecture
- e. “Socialized risk and private profits”
- f. “stagflation”
- g. Debate on Keynesian versus Austrian Economics, Youtube
Keynes v Hayek Part 2, Hayek on Keynes

Teaching Modules: Philips Curve, Federal Reserve Open Market Committee, Classical v. Modern Central Banking, International Central Banking Systemic Risk, Changing Views on “Sound” Macro

Other Materials: Hardfire TV: The Problem with Macroeconomics, Fight of the Century youtube, Hayek on Keynes’ Ignorance of Economics youtube, Stand-up Economist youtube

Film: *U.N. Me* (2009), *Sicario* (2016), or *Atlas Shrugged* (2011), time-permitting

Class group presentations on “Economists Agree”

Final Exam