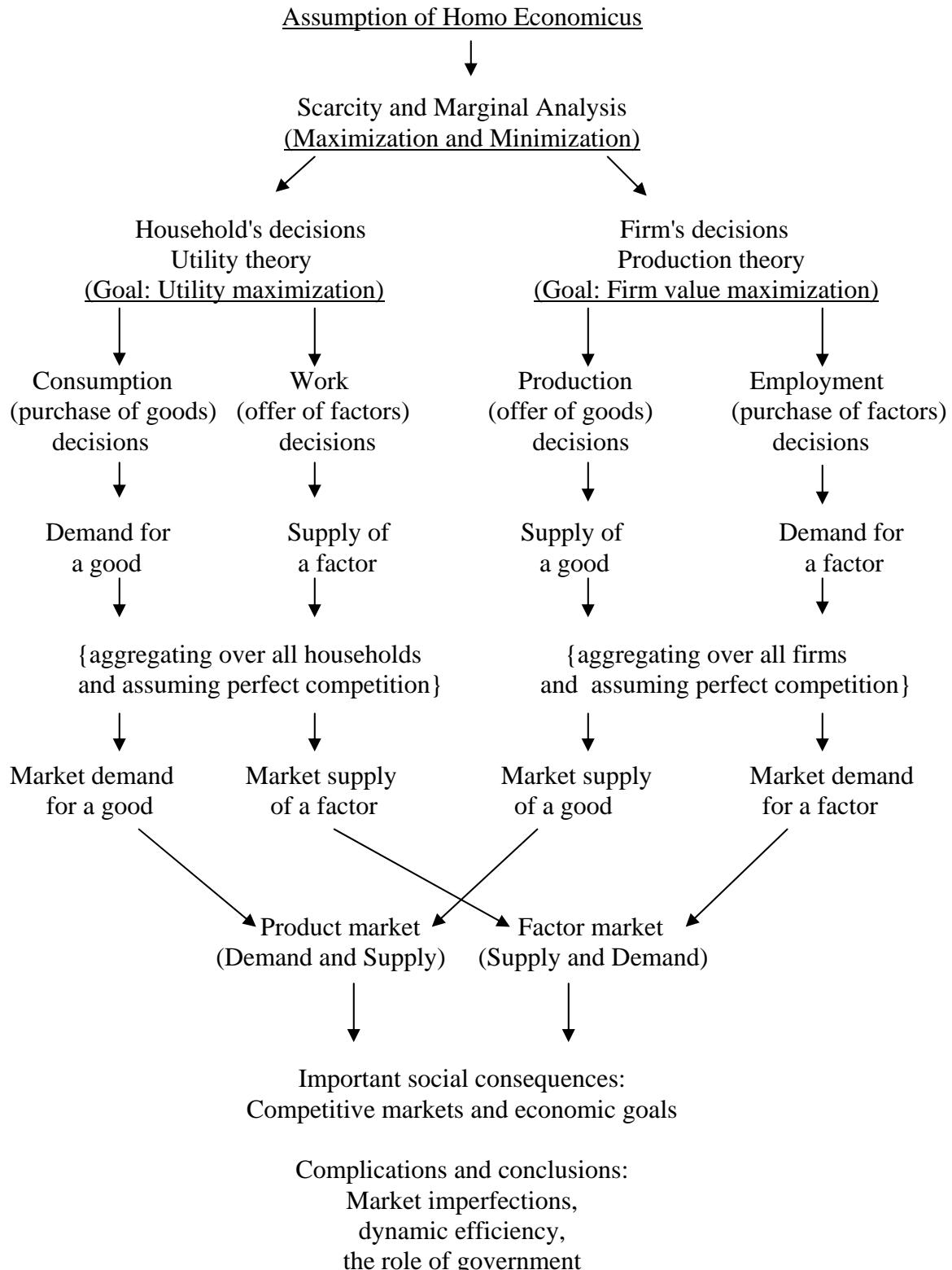


## A “Map” of McMahon’s Economics 101



## ***Introduction***

Economics 101, the first of two semesters of economic principles, is a rigorous introduction to microeconomic theory and its applications. The second semester, Economics 102, introduces the student to macroeconomic theory and policy.

Microeconomics is the study of the behavior of individuals in their roles as consumers, workers, producers, employers, and so on—in what Alfred Marshall called “the ordinary business of life.” For households, ordinary business includes making decisions about what goods and services to buy and in what amounts, how much of our income to give to others, and how many hours of work to offer. For firms, ordinary business includes decisions about what goods and services to produce for sale and in what amounts, and how much labor and capital to employ in order to do so. This focus on individuals (consumers, workers and the firm’s decision makers) does not mean, however, that there is *no* aggregation; a certain amount of aggregation occurs when we examine markets in which a number—possibly a very large number—of buyers and sellers interact. Aggregation over the economy *as a whole*, however, is the realm of macroeconomics.

A necessary condition for success in this course is demonstration of mastery of the economic theory presented. Such demonstration includes not only the ability to explain the theory clearly but also the ability to use the theory to analyze the changes in behavior of economic actors in response to changes in circumstances and to explain the short-run and long-run consequences for the material welfare of society (i.e., of the individuals who make up the society).

Beyond this, however, the successful student will learn how economists *think about* the problems we encounter in the pursuit of a variety of personal and social goals. This “economic way of thinking” is useful in analyzing an amazingly large number of situations, not all of which are *obviously economic*, and certainly not *exclusively economic*, in nature (e.g., the commission of certain types of crime and ways to discourage such behavior). Judge Richard A. Posner (U. S. Court of Appeals for the Seventh Circuit), one of the founders of the field of “law and economics,” makes the point as follows:

Although the traditional subject of economics is . . . the behavior of individuals and organizations in markets, a moment’s reflection on the economist’s basic analytical tool . . . will suggest the possibility of using economics more broadly. That tool is the assumption that people are rational maximizers of their satisfactions. The principles of economics are deductions from this assumption . . . [However, if] rationality is not confined to explicit market transactions but is a general and dominant characteristic of social behavior, then the conceptual apparatus constructed by generations of economists to explain market behavior can be used to explain nonmarket behavior as well. [*The Economics of Justice* (Cambridge: Harvard University Press, 1983), 1-2]

A close friend and colleague of Posner’s, Gary S. Becker, won the 1992 Nobel Prize in economics for “having extended the domain of economic theory to aspects of human behavior which had previously been dealt with—if at all—by other social science disciplines such as sociology, demography and criminology.” (The interested student can check out their joint web log at <http://www.becker-posner-blog.com/>.) More recently, economist Steven D. Levitt and journalist Stephen J. Dubner have applied economic reasoning and empirical analysis to better

understand such interesting topics as the relationship between *Roe v. Wade* and the decline in crime in the United States in the 1990's in their best-selling book, *Freakonomics*.

The point of all this is to emphasize that economic reasoning is important to a broad area of individual and social concerns. The successful student will be able to explain the economic way of thinking and how it leads analysts to certain conclusions and policy prescriptions, even if the student does not ultimately agree with these prescriptions. The ability to use economic thinking is crucial not only to one's attempts to achieve certain personal objectives but also to a better understanding of the way the world works, and the primary goal of this course is to help students gain the ability to *think like an economist* about a wide variety of issues.

Nevertheless, while you must learn to analyze events and policies as an economist would, it is not the case that you must subscribe to any particular set of values. Decision making involves combining positive analysis of what is possible in any given situation with normative judgments about which goals are most important since reality dictates that not all goals can be achieved in most cases. The positive analysis must be that of the economist; the values are your own.

Rumor has it that this is a difficult course, and it is. However, if you follow the suggestions for how to read the text and how to take notes given in this syllabus, and if you put in at least 12 hours per week on this course (in class, on your assignments, studying, thinking, and practicing), you should do quite well. You will soon discover the way to succeed is to read, think, study, think, practice, and think. If you are not willing to work hard, you should reconsider your decision to take this course.

***Primary goal: Demonstrate a mastery of economic analysis***

***Specific objectives: By the end of the semester, the successful student will be able to***

1. explain the meaning of "scarcity" in economics and how this scarcity: (a) is relevant even for relatively wealthy individuals and societies, (b) relates to the necessity of making individual and social choices, and (c) leads to consideration of the important concepts of "opportunity costs" and "constrained" maximization.
2. explain the model of consumer behavior used in economics and how the use of this model under the assumptions of perfect competition leads to the theoretical derivation of (a) the demand curve for a particular good or service and (b) the supply curve of the factor of production we call labor.
3. explain the model of production used in economics and how the use of this model under the assumptions of perfect competition leads to the theoretical derivation of (a) the supply curve for a particular good or service and (b) the demand curve for the factor of production we call labor.
4. explain in detail how prices get set in markets (a) for goods and services and (b) for factors of production under the assumptions of perfect competition.
5. explain in detail, using the above "pieces of the puzzle," (a) the mechanism of supply and demand by which market societies make the choices necessitated by the existence of scarcity and (b) the consequences for the material well being of the members of that society.

6. explain in detail the costs and benefits to a market society when the assumptions of perfect competition are not met or when markets “fail,” and evaluate the use of government intervention in markets as a means for improving the material well being of the members of society when such problems arise.
7. explain the causes of the failures of the experiments in socialism as described by Muravchik in *Heaven on Earth* and evaluate both socialism and Muravchik’s explanation of its failures using what you have learned in this course.

### ***Reading assignments***

Regular reading assignments will be made in three books. The text is *Microeconomics*, Sixth Edition, by Robert S. Pindyck and Daniel L. Rubinfeld (*Micro*). This text will not be assigned in full, but you may want to dip into the unassigned portions for topics of particular interest. The two other required books are: *Heaven on Earth: The Rise and Fall of Socialism* by Joshua Muravchik (*Heaven*), and *Instant Access: The Pocket Handbook for Writers* by Michael L. Keene & Katherine H. Adams (*Instant*). You will write a book review of the former and refer to the latter when writing papers.

In addition, there will be readings assigned that are on reserve in the library, on the academic fileserver (see instructions for accessing the fileserver below), or sent to you by email. These readings will be the basis for a brief in-class discussion on the date for which they are assigned. You will use some of these readings when writing the two analytical papers described below.

A preliminary schedule of the assignments, with an indication of their relationship to both the map of microeconomics and the objectives for the course, is provided below. It is inevitable that there will be some revisions in these assignments during the semester (hence, “preliminary”), such as changes in the readings, additional readings, and changes in due dates. Notification of revisions will be made in class or through email; it is your responsibility to keep up with these.

Before coming to class on any given day, you must have read, studied, and thought about the assigned material and made a legitimate attempt to understand and work any assigned problems. Furthermore, you must have reviewed and thought about the assignments for, and your notes from, the previous three classes. For you to obtain the most from class time, it is essential that you come to each class with this preparation.

The best way to read material in the text for the first time is to examine the tables and figures and to read the associated captions. A good part of the material in this course can best be understood with the assistance of numerical and graphical examples, and an initial examination of these examples should make the reading of the text somewhat easier. Then, come to class and take good notes. After class, go over your notes, correct them where necessary, make a note of any questions you still have, read the related material in your text in full, add notes from the text to your notes from class (see below), and practice drawing the graphs.

This may sound like a lot of work. I assure you it is. If you are not willing to do the work required, you should reconsider your decision to take this course.

### ***Class attendance, class participation, and taking notes***

You are expected to attend every class session, take good notes, and participate constructively. You are to bring a ruler and colored pens or pencils to each class. We will be drawing a lot of graphs, and having the appropriate tools is essential. There will be a significant amount of material covered in class that is not in your text, and there will be times when the text and lecture material will differ somewhat. When you have questions about these differences, you should raise them in class. In general, when I give you material that differs from the text there is a good reason for doing so, and I expect you to use the material that I give you.

You are responsible for all material covered, announcements, assignments, and changes in assignments made in class whether you are present or not. If you miss a class, it is your obligation to obtain this information from another student, not the instructor, even if you have a decent reason for missing class (official school business, illness, or family crisis).

One of the keys to success in a class like this is taking good notes. You should take notes only on the front side of each page in your notebook, and you must sit down and go over your notes before the end of the day. Doing so will (1) give you an opportunity to make additions and corrections in your notes, including adding notes from the text, using the backs of the previous pages while the material is still fresh in your mind, (2) reinforce what you learned in class, and (3) help you identify any questions you need to raise in the next class.

### ***Papers***

You will write a total of three papers for this course: two analytical papers and a book review of Muravchik's *Heaven*. The grade on each paper will be based on both content and form. With respect to form, the commission of errors described in Parts Two and Three of *Instant*—and which could therefore have been avoided by careful use of this resource—will be particularly damaging to your grade.

The body of each paper is to be created as a Microsoft Word document using 12 point Times New Roman type with double spacing and one inch margins. Your name, section number, and the page number must be in the top right-hand corner of every page. The two analytical papers will include graphs which are to be placed in front of the body of the paper. You will submit your book review as a Microsoft Word attachment to an email you send to me. The longer, analytical papers that include graphs will be submitted, without staples or paper clips, in a folder that I will give to you for this purpose.

If you do not turn in a paper on the date and at the time it is due, you will be assigned a grade of zero. If you turn the paper in within the next 24 hours, your maximum grade on the paper will be a 75 (out of 100). If the paper is not submitted within the first 24 hours after it is due, your maximum grade will be a 50. After 48 hours, the zero initially assigned becomes your grade. If you wish to plead for a reduction in penalty for a late paper, you must submit a written, pledged explanation of your failure to meet the deadline when you turn the paper in. I may require that you provide supporting evidence with your explanation. I will be the sole judge of the acceptability of your explanation, and very few will be deemed acceptable.

Each of the analytical papers should be about four pages of text, not including graphs which are to be drawn on separate pages. When working on the analytical papers, you may consult the assigned background readings, your text, and your class notes. However, you are not to consult with anyone other than me or to consult papers written by present or former students in this class. When you turn in your paper, by your submission you are pledging that you have followed these rules. Should that not be the case, you are violating the honor code by submitting the paper.

Each of the analytical papers concerns an important topic that requires the use of economic analysis and ethical considerations to come to a conclusion about a proposed economic policy. Each of these papers will require the use of the background readings we will have discussed in class. The first paper will require you to analyze a proposal for national health insurance with universal coverage administered by the federal government and financed by an increase in the income tax. The second paper will require you to analyze a proposal to raise the federal minimum wage to what is called a “living wage” by its advocates. These papers are to be submitted in your folder at the beginning of class on the due dates.

The background readings and the analytical papers are two stages of a single evaluative process. In the first stage, you read about and come to class prepared to discuss the information and alternative factual and ethical claims in these readings. In the second stage, you analyze the proposal using the information gleaned from the background readings and the analysis developed in the course. Then, adding your own thoughts about the ethical ramifications of the proposal, you derive your own conclusion about the desirability of the policy in question.

**Please note:** It really isn't necessary to print the readings on the fileserver or to copy the readings on reserve. Doing so is a waste of paper. You will likely get what you need from them without having a hard copy; you do not need to study these as you do your notes and the text.

The book review of Muravchik's *Heaven* should be about four pages long. In your review you are to highlight Muravchik's explanation of the causes of the failures of the experiments in socialism and evaluate his explanations. Your review will be graded on both content and style. Errors described in *Instant* will greatly reduce your grade. Your review is to be submitted by attaching it to an email that I must receive no later than 9:00 AM on Tuesday, March 21, which is the Tuesday after Spring Recess. If you choose to do so, this means that you may finish reading the book and writing the review over the Spring Recess. If you would rather have the time off, then you should read the book and complete the review before the break. The following web site contains helpful hints for writing a book review; read it carefully now and reread it before beginning to write your review: <http://www.usd.edu/~khackeme/guides/reviewgd.html>.

### ***Exams***

There will be two exams in this course, a “midterm” (that will be given after the middle of the term) and a final. Both will be cumulative. You will find that preparing for the exams will be easy, and that you will do well on the exams, if you (1) carefully prepare the assignment for each class, (2) attend class regularly and on time, (3) take good notes and review/revise them daily, and (4) review and study your previous notes and reading assignments before each class. It is not possible to “cram” for these exams, so if you do not take this advice, you will find yourself in deep trouble.

If you miss the “midterm exam,” you must submit a written, pledged explanation of your failure to take the exam at the appointed time. I will be the sole judge of the acceptability of your explanation, and I may require you to provide supporting evidence with your explanation. If I do not find your reason to be acceptable, or if you submit no explanation, you will receive a zero on the exam.

**IMPORTANT: If you have been granted an accommodation by Rhodes that includes extra time on, or a special environment for, tests, you must present me with the relevant form no later than the beginning of the third class period so that we can work out the best way to meet your need early in the semester.**

*Additional important information*

1. Students in this class are expected to abide by the Honor Code which covers all exams and papers submitted for a grade and all reasons given for missing exams or paper due dates. Violations will not be tolerated.

2. I want to be available to meet with you on an individual basis as often as you need me to do so. I expect to be in my office (Buckman 331, ext. 3738) at the following times:

Tuesday and Thursday, 1:00 PM to 3:00 PM

If we cannot get together during my regular office hours, I will be glad to make an appointment to meet with you at another, mutually acceptable, time. Please feel free to call me at home before 9:00 PM if need be. My home phone number is 327-5219.

3. There will be many times when I will contact you through email. Therefore, you need to read your email at least once every day. I will use email when necessary to make or change assignments and to provide other information that you need. There may also be times when I will send you Microsoft Word, Microsoft Excel, and/or pdf documents attached to email messages; you are responsible for knowing how to save and print these documents. You will be held responsible for all information and assignments or changes in assignments that are sent to you by email. My email address is [mcmahon@rhodes.edu](mailto:mcmahon@rhodes.edu).

4. There will also be many times when I want you to retrieve documents from my folder on the Academic Department and Program Fileserver, and it is your responsibility to learn to use this server. When you are using the campus network, to get to my Econ 101 folder, open the Rhodes home page (<http://www.rhodes.edu/>), highlight the address, and replace it with this fileserver address:

[\\fileserver1\Acad\\_Dept\\_Pgm\Econ\\_Bus\McMahon\\_marshall\Public\ec101](\\fileserver1\Acad_Dept_Pgm\Econ_Bus\McMahon_marshall\Public\ec101)

[Note: In the fileserver address, you need an underline, \_, between words to indicate spaces.] Once you have done this, you can create a shortcut on your desktop so that it will be easier to get to this folder in the future. For instructions for accessing the fileserver from off campus, go to:

<http://www.rhodes.edu/InformationServices/TechnologyandFacilities/Off-campus-Network-Access.cfm>

**5. If you have problems with email, the fileserver, or any other matters related to use of computers, consult the staff of Information Technology Services. The ITS Helpdesk**

**extension is 4357. You may also send questions to helpdesk@rhodes.edu. It is your responsibility to handle any information technology problems that arise.**

6. I usually make some changes in the way this course is conducted from one semester to the next. You must not assume that something you have heard through the grapevine about this course in the past will necessarily apply to this semester. This syllabus and any modifications I make in class are the only reliable sources for information about the course.

7. I try to enjoy class and to make it enjoyable for you. I have been told that my casual, not infrequently irreverent, attitude in class can lead students to assume I have relaxed standards for student performance. It would be a terrible mistake for you to act on this assumption.

8. In determining your grade for the semester, I will compute a weighted arithmetic mean of four grades—two analytical paper grades (25% each), the “midterm” exam grade (25%), and the grade on your book review (25%). Note that this does not include the final exam. The final exam is optional; i.e., if you are happy with your grade as calculated above, you are excused from the final with that grade. However, if you would like a chance to improve your grade in the course, you may take the final and the calculation of your grade will then be a weighted mean of the grade as calculated above (70%) and your grade on the final (30%). Whichever path you choose, the resulting number will be rounded to the nearest tenth and converted to a letter grade as follows: 93.0 or above will be an A (there is no A+ for a course grade), 90.0 – 92.9 will be an A-, 87.0 – 89.9 will be a B+, 83.0 – 86.9 will be a B, 80.0 – 82.9 will be a B-, and so on. After computing your grade as indicated, I may adjust it up or down for class attendance and contribution, progress during the term, and such intangible factors as apparent effort or lack thereof. In some cases, such adjustments might change a grade by as much as one-third of a letter (e.g., from a B to a B+, or vice-versa).

9. There are a number of web sites that you might find interesting. One of these is supported by the Foundation for Economic Education (FEE), an organization that takes a libertarian approach to economics and politics. If you are interested in such an approach, you might want to subscribe to their free (in monetary terms) daily email newsletter at <http://www.fee.org/>. If you are interested in reading about current domestic and international political and economic events in depth, you can probably do no better than the *Economist*, which is published weekly.

### ***Preliminary assignments for Econ 101, McMahon, Spring 2006***

Please note: In the reading assignments, *Micro* is short for *Microeconomics*, Sixth Edition, by Robert S. Pindyck and Daniel L. Rubinfeld; *Heaven* is short for *Heaven on Earth: The Rise and Fall of Socialism*, by Joshua Muravchik; and *Instant* is short for *Instant Access: The Pocket Handbook for Writers* by Michael L. Keene & Katherine H. Adams. For instructions on accessing the fileserver, see page 7 of the syllabus.

**IMPORTANT: (1) These assignments are preliminary; you must keep up with any changes made in class or by email. (2) If you do not “reread and study” or “review and study” whenever that is the assignment, you will cause yourself unnecessary grief. (3) When the definitions I give you differ from those in the text, there is a reason. You are to know and use the ones I give you.**

## **Scarcity and marginal analysis: Maximization and minimization (objective 1)**

### **January 12**

Go to <http://www.jim.com/econ/contents.html> where you will find the Table of Contents for an online version of Economics in One Lesson by Henry Hazlitt. Read and be prepared to discuss the two Prefaces and Chapters 1, 14, 15 and 22.

Read pages 1 – 18, read about the production possibilities frontier on pages 596 – 598, and study fig. 16.9 in *Micro*.

Carefully read and reread your syllabus. You are responsible for knowing the information and following the instructions in the syllabus. Refer to it often.

### **January 17**

Read and be prepared to discuss pages 1 – 59 of *Heaven*. As you do so, think about (1) the meanings of “equality” to different people, (2) the differences, if any, between equality and equity, (3) the reasons for the failure of Robert Owen’s efforts to establish “socialism,” and (4) whether or not Owen’s dream could ever be fulfilled. You should continue reading the book and taking notes for your review throughout the semester. The following web site contains helpful hints for writing a book review; read it carefully prior to this class and again before writing your review: <http://www.usd.edu/~khackeme/guides/reviewgd.html>.

Be prepared to discuss the content of “ahcshow.ppt” in the “healthcare” folder on the fileserver.

### **January 19**

From the fileserver, download, print, read and study “notesmax.doc.” Bring this document to class with you on this date. Start learning the definitions of the terms in ***bold italics*** (e.g., ***marginal benefit***) in “notesmax.doc.”

From the fileserver, download, print, read, and think about “TNBprob1.doc.” (Please do not yet open the three documents entitled “TNBprob[2,3,4].doc.”) Bring “TNBprob1.doc” to class with you on this date.

From the fileserver, download, print and bring to class the two files, "changeTNB.doc" and "fivetangTB.xls."

### **January 24**

Read and study 19 – 32, skim 32 – 57, and read and study 128 – 130 in *Micro* for a preview of where we are headed. We will come back to all these pages and study them in depth later, so don’t worry if this material is a bit difficult on first reading.

Reread, review, and study carefully “notesmax.doc.” Learn the definitions of the terms in ***bold italics*** (e.g., ***marginal benefit***) in “notesmax.doc.”

Start work on the problem in “TNBprob1.doc.” Use interpolation to add rows for  $q_x = 0.5, 1.5, \dots, 8.5$ , and fill in the corresponding columns for these rows. Then, draw two graphs on a single page using the data points given in the table: On the first graph, plot TB, TC, and TNB on the vertical axis and  $q_x$  on the horizontal axis. On the second graph, drawn directly under the first graph, plot MB, MC, and MNB on the vertical axis and  $q_x$  on the horizontal axis using the same scale for this horizontal axis that you used for the plot of TB, TC, and TNB. I encourage you to work with other students in the class on this and similar assignments. When you have done the very best you can, from the ec101 folder in my folder on the academic volume, download, print “TNBprob[2,3,4].doc.” Compare your results to those you downloaded and printed, and come to class prepared to ask questions. Bring both your work and a printed copy of “TNBprob[2,3,4].doc” to class.

Be prepared to discuss “1 clinton.doc”, “2 barnes.mht”, and “3 hillarynewt.doc” in the “healthcare” folder on the fileserver.

### January 26

Review and study the assignments for January 24.

Read pages 130 – 220 and skim pages 223 – 298 of *Instant*. You will need to refer back to these pages frequently.

From the fileserver, download and print “timelog.xls.” Use this aid to keep track of how you spend your time over the seven day period from January 27 through February 2. Bring your blank time log to class on January 26, and bring your completed time log to class on February 2.

### January 31

Finish the problem in “TNBprob1.doc” and make sure you understand the point. Reread pages 128 – 130 in *Micro* and think about the relationship between “consumer surplus” and what we have identified as TNB.

Think about the meaning of “scarcity” in economics and how this scarcity: (a) is relevant even for relatively wealthy individuals and societies, (b) relates to the necessity of making individual and social choices, and (c) leads to consideration of the important concepts of “opportunity costs” and “constrained” maximization.

From the fileserver, download and print “consumer.doc” and “cardutil.doc.” Read and study these documents carefully.

Be prepared to discuss “4 canada1989.doc” and “5 canada2005.doc” in the “healthcare” folder on the fileserver.

## The household’s decisions and utility theory (objective 2)

### February 2

Reread and study “consumer.doc” and “cardutil.doc.” Learn the definitions of the terms in ***bold italics*** (e.g., ***market demand***) in “consumer.doc”, and do your best to work the problem in “cardutil.doc.” As before and as always, I encourage you to work with other students in the class on this assignment.

Bring your completed time log to class.

### February 7

Read and study pages 61 – 72, 75 – 78, 79 – 89, 92 – 94, 95 – 96, and 107 – 113 in *Micro*.

Review and study all of the material assigned and covered in class to date.

When you have done the very best you can on the cardinal utility problem, download and print “cardutilsol1.xls”, and compare with your results. Come to class prepared to clarify any questions you have about this problem.

Be prepared to discuss “6 hurd.doc” in the “healthcare” folder on the fileserver.

### February 9

Read, reread and study pages 115 – 131 in *Micro*.

If you have an interest in calculus, read pages 145 – 152 in *Micro*.

Review and study pages 19 – 32; read and study pages 32 – 46 and 55 – 56 in *Micro*.

### February 14

Be prepared to discuss “The health of nations: A survey of health-care finance” from *The Economist*, July 17, 2004, pages 1 – 19, **on reserve in the library**, the other healthcare readings, and “Public Choice Theory” at the following web site:

<http://www.econlib.org/library/Enc/PublicChoiceTheory.html>

Review and study “consumer.doc”, “cardutil.doc”, and pages 61 – 72, 75 – 78, 79 – 89, 92 – 94, and 95 – 96 in *Micro*.

### February 16

Review and study pages 19 – 46, 55 – 56, and 107 – 131 in *Micro*

Download, print, read and reread “hcpaper101.doc” from the “healthcare” folder on the fileserver.

Review and study all the material covered to date.

Write a first draft of your healthcare paper and bring it to class on this day.

### February 21

**Your healthcare paper is due in its final form at the beginning of class on this day.**

### **The firm’s decisions and production theory (objective 3)**

### February 23

Read and study pages 187 – 241 in *Micro*.

If you have an interest in calculus, read pages 256 – 260.

From the fileserver, download and print “prodcost.doc.” Read the first two pages of this document carefully several times, learn the definitions of the terms in ***bold italics*** (e.g., “***production function***”), read through Part A of the production and cost problem, and study the graph on page 5.

### February 28

Review and study the assignment for February 23.

Do your best to work the problem in “prodcost.doc.” As always, I encourage you to work with other students in the class on problems. When you have done the very best you can on your own, download and print “LRcost.xls” and “SRcost.xls” from the fileserver. Compare your results to those you downloaded and printed, and come to class prepared to ask questions. Bring both your work and your printed copies of “LRcost.xls” and “SRcost.xls.”

Read and study pages 675 – 682. We will not cover this material in class, but try to get as much from this appendix as possible. In particular, do your best to get the basic idea of “regression analysis.” You may want to refer back to this appendix from time to time.

### March 2

Review and study the assignments for February 23 and 28, and make sure you understand short-run and long-run production and cost. You need to do this.

### March 7

Review and study for “Midterm” exam on consumer theory, production theory, and costs.

### March 9

“Midterm” exam on consumer theory, production theory, and costs.

### March 14 & 16

Spring recess—no class

### March 21

Review of Muravchik’s *Heaven* due as a Word file attached to an email no later than 9 AM. In class, we will discuss the “midterm” exam and the book reviews.

### Markets under perfect competition: Supply, demand and important social consequences (objectives 4 & 5)

### March 23

Review and study pages 19 – 46, and read and study pages 261 – 295 in *Micro*.

Download, print, think about, and bring to class “catfish.doc.”

Be prepared to discuss "1 herbert.doc", 2 reisman.doc", and "3 cisel.pdf" in the “livingwage” folder on the filesserver.

Go to <http://www.jim.com/econ/contents.html> where you will find the Table of Contents for an online version of Economics in One Lesson by Henry Hazlitt. Be prepared to discuss Chapter 19.

### March 28

Review and study pages 261 – 295, and read and study pages 299 – 318 in *Micro*.

Read pages 515 – 522, and 523 - 543 in *Micro* (but don’t take the “backward-bending supply of labor curve” too seriously since it is a rare exception). We will return to the topics in these pages with a slightly different approach; for now, work on the basic ideas and the concepts that are similar to concepts we have seen before.

### March 30

Review and study pages 674 – 682 in *Micro* and do your best to get the basic idea of “regression analysis.”

Be prepared to discuss “4 cato.doc”, “5 neumark.doc”, and “6 burkhauseretal.pdf” in the “livingwage” folder on the filesserver. The Burkhauser article is an especially good article for summarizing different estimates of the price elasticity of demand for labor, but it is difficult because of the use of somewhat complex statistical techniques. Nevertheless, read pages 653 - 656 carefully, skim 656 - 675 for the major conclusions, and read pages 675 - 676 carefully.

### Conclusions and complications: Market imperfection and other real-world complications, social consequences and the role of government (objectives 6 – 8)

### April 4

Read and study pages 337 – 345, 359 – 371, 381 – 386, and 435 – 441 in *Micro*.

### April 6

From the filesserver, download, print, read, study and begin working the exercises in “notperfect.doc”

### April 11

Reread, study and continue working the exercises in “notperfect.doc”

Go to <http://www.jim.com/econ/contents.html> where you will find the Table of Contents for an online version of Economics in One Lesson by Henry Hazlitt. Reread and study Chapters 1, 14, 15, 19 and 22.

### April 13

Easter break

### April 18

Read and study pages 606 – 609, 641 – 645, and 662 – 669 in *Micro*.

Download, print, read and reread “lwpaper101.doc” from the “livingwage” folder on the fileserver.

Review and study all the material covered to date.

Write a first draft of your living wage paper and bring it to class on this day.

### April 20

**Your living wage paper is due in its final form at the beginning of class on this day.**

### April 25

Go to <http://www.jim.com/econ/contents.html> where you will find the Table of Contents for an online version of Economics in One Lesson by Henry Hazlitt. Be prepared to discuss Chapters 4, 6, 16, 17 (look out for Hazlitt’s use of “demand/supply” where he should have used “quantity demanded/quantity supplied”), 18, 20, 25 and 26.

### April 27

Review and study for your final exam

### May 2

**Final exam 5:30 – 8:00 PM, section 3\***

### May 6

**Final exam 5:30 – 8:00 PM, section 4\***

**\*You may take the final exam at either of these times.**