

Econ 101 17640
Rhodes College Department of Economics and Business Administration
Mondays, Wednesdays, and Fridays, 1:00 to 1:50 P.M.
Buckman Hall 108

Introduction to Economics

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 Microeconomics, which studies how individuals and firms behave, and how markets and prices coordinate the actions of these individuals and firms. We will study prices and quantities as determined in at most a few markets. Macroeconomics, by contrast, is the study of aggregates—inflation, unemployment, Gross Domestic Product—and is in some ways very different.

There will be a lot of work in this course, but it will be worth it. When we are done you should be able to *think like an economist*. Economics is not a set of facts, but rather a way of viewing the world. As to what it means to “think like an economist”—well, you’ll just have to wait and see what this means.

Textbook:

Your primary textbook is Pindyck, Robert S., and Rubinfeld, Daniel L., *Microeconomics, Sixth Edition*. Pearson-Prentice Hall, 2005.

You will be responsible for many additional readings. Some of the books we will read from will include:

Friedman, David D., *Law’s Order*. Princeton, 2000. Available for free at
http://www.daviddfriedman.com/laws_order/index.shtml

Miller, Benjamin, and North, *The Economics of Public Issues*. Pearson-Addison Wesley 2005.

Landsburg, Stephen, *The Armchair Economist*. MacMillan, 2003.

Landsburg, Sepsen, *Fair Play*. MacMillan, 1997.

Gwartney, Stroup, Soble, and McPherson, *Economics: Private and Public Choice*. Thompson Southwestern 2006.

You might also seek additional explanation in David Friedman’s old Price Theory textbook, which is webbed and zero price:
http://www.daviddfriedman.com/Academic/Price_Theory/PThy_ToC.html

Read all assigned materials *before class*. This is important. I will be quizzing you randomly to ensure you have read the material.

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 Friday, from 2:00 to 3:00, and by appointment.

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.

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. You will also write two short papers analyzing the economics of particular issues, and a longer paper (really a book review) discussing the economics of law.

I have chosen David Friedman's *Law's Order* as the text for your book review for three reasons. First, it is important for you to see economics applied in a context outside of business. Economics is not about money, or the stock market, or any of the other things that typically come to mind when we hear the word. Economics is a way of thinking about human action that has been applied in many ways. The second reason for using this book is that it is available on the web at zero price (or free, to be sloppy with language). You can, of course, also order it over the web from your book vendor of choice. The third reason is that David Friedman is an excellent writer, and you should not have too much trouble working through the sections of the book that I assign. I will provide a handout with more information about your book review.

I encourage you to visit the Writing Center in Barret Library 312, extension 393, for help with your writing. You may find also this helpful for your book review: <http://www.usd.edu/~khackeme/guides/reviewgd.html>

Exams:

You will have two cumulative exams, a midterm and a final.

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.

Experiments:

We will conduct several experiments in class to demonstrate concepts we have learned. Specifically, they are the Supply and Demand game, the Lobbying Game, and the Colluding/Cheating game. These are pretty fun, and you can actually make a (small) bit of money in two of them!

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%
- Short Paper 1: 5%
- Short Paper 2: 5%
- Long Paper: 20%
- Quizzes: 10%
- Midterm: 20%
- Final: 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	F	62.99 & below
B+	87.00-89.99	C+	77.00-79.99	D+	67.00-69.99		

Schedule and Class Dates:

Section One, The Little Picture: Utility Maximization and Profit Maximization

August 23: Course introduction and syllabus review. Pindyck chapter 1 and Gwartney/Stroup handout (pages 52-53).

August 25: Comparative Advantage. More on Pindyck Chapter 1. Armchair Economist chapter 21.

August 28: Supply and Demand: First Introduction. Pindyck 19-32.

August 30: More Supply and Demand, **Supply and Demand game**

September 1: Elasticity of Supply and Demand, Pindyck 32-55.

September 4: September 6: Consumer Theory: Indifference Curves. Pindyck 63-79

September 8: Budget constraints and Utility Maximization. Pindyck 79-89.

September 11: Marginal Utility, Individual Demand, Pindyck 92-95 and 108-116

September 13: Income and Substitution Effects, Pindyck 116-121

I recommend that you have read chapters 1-4 of Law's Order by this point.

September 15: More on Utility Maximization.

September 18: Market Demand and Consumer Surplus, Pindyck 122-131.

September 20: Production by firms, Pindyck 187-196

September 22: **First Short Paper due.** Factor productivity, Pindyck 197-202

September 25: Returns to Scale, Pindyck 207-210

September 27: Costs, Pindyck Pindyck 213-219

September 29: Cost Curves, Pindyck 220-225

I recommend that you have read chapters 5, 6, 9, and Intermezzo of Law's Order by this point.

October 2: Economies of Scale and Scope, 237-242

October 4: Buffer/Review class

October 6: Midterm Exam PWNT

Section Two, the Bigger Picture: Market Structure, Efficiency, Market Failure, and Government Failure

October 9: Go over exam. Perfect Competition, Pindyck 261-287

October 11: More Perfect Competition.

October 13: Fall Recess Begins

October 18: Fall Recess Ends

October 20: More Perfect Competition

October 23: Perfect Competition in the Long, Pindyck 287-295

October 25: Equilibrium and Efficiency, Pindyck 209-310

I recommend that you have read chapters 10, 12, 13, and 14 of Law's Order by this point.

October 27: Price Controls, Pindyck 55-57, 310-321, Miller et al. Chapters 11 and 13

October 30: Taxes and Subsidies, Pindyck 326-332, Armchair Economist chapter 7.

November 1: More on Taxes and Subsidies.

November 3: **Second Short Paper due.** Monopoly, Pindyck 339-364

November 6: More on Monopoly, Price Discrimination, Pindyck 381-386, Armchair Economist Chapter 16.

November 8: Monopolistic Competition, 436-441

November 10: Oligopoly, Pindyck 441-443, and the **Cooperate/Defect game.**

November 13: Market Failure, Gwartney et. al. chapter 5

November 15: More Market Failure

November 17: Government Regulation: Antitrust, Pindyck 372-375

November 20: More on Government Regulation: Environmental, Pindyck 645-655, Miller et al. Chapter 27.

November 21: Thanksgiving Recess Begins

November 27: Thanksgiving Recess Ends

The recess would be a good time to finish up chapters 15, 16, 17, and 19 of Law's Order.

November 29: Public Choice Economics, Gwartney et al. Chapter 6

December 1: More Public Choice, and the **Lobbying Game**. Miller et al. Chapter 18

December 4: **Book Reports due**. Topic of choice

December 6: Last day of classes. Buffer/Review day.

Final Exam: Monday, December 11 at 1:00 P.M. kekekekeke

kthxbye