

# Course Vision

Economics 101 Spring 2010

Professor Sarah M. Estelle

Section 1 @ 1 p.m. MWF (CRN 20148) ◇ Section 2 @ 2 p.m. MWF (CRN 20149)

*[Economics] is a method rather than a doctrine, an apparatus of the mind, a technique of thinking which helps its possessor to draw correct conclusions.*

*- John Maynard Keynes (1883–1946)*

Welcome to ECON 101, the microeconomics portion of the introductory economics series at Rhodes. More importantly this is your opportunity to develop an “apparatus of the mind” with far-reaching applications that span time, culture, religion, and wealth. What intrigues you? What concerns you? Even more, what baffles you? Your answers to these questions will determine the specific relevance of the “economic way of thinking” to your life.

Economics can be successfully employed by anyone. Like other social scientists, economists aim to explain human behavior but within a unique framework using special tools. In this course you will start building an economist’s toolkit that will allow you to study *homo economicus* (economic man), rightly understood. Specific topics of this course include demand for goods and services, production and supply of the same, trade, market failures, and resource allocation.

## Course Objectives/ Learning Objectives

As an introductory class, the objectives of this course are primarily:

- (1) To instruct students in a **basic cognitive background** of economic analysis including terminology and methods, particularly the economic way of thinking.
- (2) To nurture an **understanding of economic principles and theories** among students that illuminates economics’ interrelation with and applicability to other disciplines and, even, one’s daily life.

## Teaching Philosophy

Teaching introductory microeconomics (often referred to as “micro principles”) is an opportunity for me to share with my students the topics that first made me fall in love with this field. Many ECON 101 students will not go on to major in economics and some may not intend on taking additional business or economics courses. While I enjoy opening students’ eyes to what an economics major can offer, the source of my enthusiasm for principles courses is my belief that the knowledge of basic economic theory is important for everyone and is applicable to daily life. I hope by the end of the semester, you will see that I enjoy economics, prepare carefully for classes, and genuinely value my role as professor. It is my goal to prepare discussion material that provides structure while encouraging interaction and allowing student questions to direct the pace and content of each class period. In the end, it is my ambition in any principles course to nurture students’ development of economic intuition.

## Learning Philosophy

You will likely hear me say more than once that my desire is for you to “wrap your brain” around the material. I hope each of you will strive to reach a level of proficiency that allows you to take the course material beyond this semester and use it in your life. To this end, LEARNING will be our focus this semester.

Each element of this course has been designed to meet this end. For example, today we will discuss our vision for the course, not because there is a requirement to do so, but so you can keep that vision in mind as we progress through the semester. Grading, however, is a required component (necessary evil, perhaps) of college course work. It is my hope that you will trust me and trust yourself that grades will follow from the process of learning so that achieving an appropriate and accurate grade takes no artificial effort on your part. (That is, learning the material of this course will be both necessary and sufficient for success in the course as reflected by your final grade.) Whereas Rhodes College “aspires to graduate students with a life-long passion for learning”, I trust you will also bear in mind that the study you undertake in this one class will benefit you beyond this semester, whether in economics and business courses, elsewhere in the College, or in the wider world.

*Universities exist to transmit knowledge and understanding of ideas and values to students not to provide entertainment for spectators...*

*- Milton Friedman (1912-2006)*

## Learning Tips

There is no one right way to facilitate or approach learning. However, you may want to consider the following as part of your strategy:

- *Read ahead.* Before class, read the assigned material to familiarize yourself with the vocabulary and to start formulating questions you will share with the class.
- *Follow up.* As soon as possible after class, review your notes (recopying if necessary) with an eye towards filling in any gaps and identifying pieces of material that are still unclear. Consult your textbook again as well as your classmates and me to clarify any uncertainty. Are your notes complete? Are there any parts of the text that remain unclear after reviewing the lecture?
- *Stay organized.* Keep your class notes, assignments, and all course-related material.
- *Make use of office hours and/or make appointments.* I will provide some supplementary office hours before each exam, but the best way to develop the economic way of thinking is to employ it daily. Talking to me is one way of doing that.
- *Work in groups.* Another way of honing your set of economic tools and developing a deeper intuition is to work with classmates. You will develop a more complete understanding of topics of which you have a firm grasp by explaining it to someone else to whom it is unclear.
- *Work independently.* Reflection often requires solitude and quiet. Strive to find balance between your individual efforts toward learning and utilizing your instructor and peers.
- *Do not confuse busy work with active learning.* Students who ask questions of the instructor, of their classmates, and - better yet - of themselves and who practice concepts of the course beyond the assigned material often have an advantage when facing a writing assignment or short answer essay exam. Instead of recopying a graph, draw one of your own and manipulate it. Instead of reviewing for a third time a problem for class or an example from the text, try to write your own practice test. If you need more ideas or would like to share your own strategy with me, I would be delighted to meet with you.



## COURSE NUTS AND BOLTS

ECONOMICS 101 SPRING 2010

SECTION 1 @ 1 P.M. MWF (CRN 20148) ♦ SECTION 2 @ 2 P.M. MWF (CRN 20149)

- Instructor:** Sarah M. Estelle, 315 Buckman Hall  
Office Hours: Tuesdays and Thursdays 2:00-3:30 p.m., and by appointment  
E-mail: [estelles@rhodes.edu](mailto:estelles@rhodes.edu)
- Important Dates:** February 19: Midterm Exam 1  
April 9: Midterm Exam 2  
May 7 or 8: Final Exam (see below)
- Required Texts:** There are three required books that should be considered supplements to our class discussions. Reading these will help you develop the economist's technique of thinking.
- 📖 Landsburg, Price Theory and Applications (7<sup>th</sup> edition, published in 2007)
  - 📖 Jevons, The Fatal Equilibrium (paperback)
  - 📖 Hazlitt, Economics in One Lesson (The HTML version of this book can be found at <http://jim.com/econ/contents.html> and hardcopies are available in the college bookstore.)
- I will assign other additional short readings throughout the semester as well.
- Moodle:** If you have not done so already, please log into Moodle and familiarize yourself with our ECON 101 course page. We will use this technology extensively throughout the semester. It is expected that you will check this site several times each week, since I will not always announce in class everything that appears on the Moodle site.
- Attendance:** There will be three fifty-minute classes each week; these will not parrot the assigned reading, so you are expected to attend every class and arrive on time. The cost you impose upon me and the class by entering late is what economists call a *negative externality*. You can impose a significant *positive externality* on the class when you are in attendance and prepared to participate. If you miss a class for any reason, you are responsible for obtaining the information you missed from a classmate and encouraged to follow-up with me afterwards.
- Academic Support:** Students who wish to discuss individual accommodations for disabilities as recommended by the **Office of Student Disability Services** (x3994, e-mail: [mccowenm@rhodes.edu](mailto:mccowenm@rhodes.edu)) should see me during office hours as early in the semester as possible.

Julia Clapper is the **peer tutor** for our class this semester. She will hold weekly "office hours" to answer your questions on Wednesdays from 3:00-4:30 p.m. and Thursdays from 7:00-8:30 p.m. in Buckman 103.

**Course Grade:** The first exam will count for 90 points, the second exam 110 points, and the final exam 140 points. Another 60 points will come from homework and quiz grades throughout the semester. Your grade for the course will be calculated out of 400 points total, and letter grades will be assigned according to the following scale

Letter Grade	400-point Scale	Corresponding %
A	380	95%
A-	360	90%
B+	348	87%
B	332	83%
B-	320	80%
C+	308	77%
C	292	73%
C-	280	70%
D+	268	67%
D	252	63%
D-	240	60%
F	239 and below	< 60%

**Midterm Exams:** On the final page of this document, the tentative course outline (grouped into nine topics) provides a useful estimate of the material we will cover before each exam. The material in topics 1 and 2 will be included on the first test. The second test is not explicitly comprehensive, but will build on previous material. It will test your knowledge of consumer theory (topic 3) and producer theory (topics 4-6), as well as The Fatal Equilibrium. The final exam will be comprehensive but much more heavily weighted towards material covered since the second test (topics 7 through 9).

If you are unable to take a midterm at the scheduled time because of a mandatory intercollegiate competition, please see me as early as possible in the semester. We will arrange for a time when you can take the exam *before* the scheduled exam time with which you have a conflict.

In the case of severe illness or death of a family member, please notify me of your situation (in advance unless it is an extreme and unforeseen emergency), and I will allow you to drop the exam. In this case the final will be reweighted to bring your total possible points to 400.

**Final Exam:** The final exam will take place during the scheduled exam period for your section:  
 Section 1      Saturday, May 8 at 1:00 p.m.  
 Section 2      Friday, May 7 at 8:30 a.m.

You may take the exam at either of these times with permission. (Permission will be granted by the professor based on availability of space in the classroom.) If you wish to take the final exam with the other class, let me know by **Friday, April 30**.

**Homework:** Unless otherwise stated, you may complete homework assignments in groups of up to three students. Each group may turn in one homework submission with each group member's name written on top. Although I will not police this, it behooves each group member to contribute equally in every assignment. *Free riding* on classmates for homework grades will likely lead to struggles on larger grades in the course (e.g., midterm and final exams.) Homework assignments are due by 3:00 p.m. on the due date unless otherwise stated.

Each student will receive up to five (5) points of their total homework score from participating in the class Moodle forums throughout the semester. Full credit Moodle participation is characterized by consistent (that is, spread across the semester) contributions of a good quality. As a minimum benchmark, students should plan to make two (2) quality contributions before each of two midterm exams and another one (1) between the second midterm and the final exam, for a minimum of five (5) total.

I will also suggest numerous practice problems that will not be collected or graded. You are expected to complete any problems I suggest from the Landsburg text and to do so in a timely fashion (e.g., before the next class or within the week). We will go over some of these in class. For those we do not (and others you might come across in your studies), I strongly encourage you to discuss them in groups and come see me in my office hours.

**Quizzes:** There will be five (5) quizzes this semester, each worth five (5) points. Quizzes will not necessarily be announced and **may not be taken at another time under any circumstances**. Quizzes will be closed note, closed book, and closed classmate. **Your lowest quiz score will be dropped.**

**Grading Questions:** I will make every effort to grade assignments and exams consistently across students. If you have a question about the grading of an assignment or an exam question, please let me know at your earliest convenience. As with every activity in the course, this occasion will be seen as an opportunity for learning. All grading questions must be presented to me no later than **Monday, April 26**.

**The Honor System:** I take the Honor Code seriously. I trust that students in this class will be truthful in their dealings with me and will not cheat on their assignments and exams. In the event that one of you observes an incidence of cheating, I assume you will report the violation to a member of the Honor Council.

**Plagiarism:** According to the Honor Council Constitution, "Plagiarism is an act of academic dishonesty. A student must not adopt or reproduce ideas, words, or statements of another person without appropriate acknowledgment." Please consult the staff at the Writing Center or me if you have questions on citing sources in your coursework.

## Tentative Course Outline and Associated Readings\*

<u>Topic #</u>	<u>Reading</u>
1. <i>The Central Economic Problems and the Approach of Economics</i>	Preface, Chapter 19 Hazlitt Prefaces, I and II Chapter 2
2. <i>Allocation by Price: An Introduction to the Theory of Supply and Demand</i>	Chapter 1 Hazlitt XV Hazlitt XVII-XIX Chapter 4 (pp. 96-102) Begin <u>TFE</u>
3. <i>The Theory of Demand: Consumer Behavior</i>	Chapter 3 (pp. 45-60) Chapter 4 (pp. 77-80, 82-96) Complete <u>TFE</u> by Fri., Feb. 26
4. <i>The Theory of Supply: The Behavior of Firms</i>	Chapters 5 Chapter 6 (pp. 135-145) Hazlitt XXII
5. <i>When the Market "Works": Perfect Competition</i>	Chapter 7 (pp. 169-196)
6. <i>When the Market "Fails": Monopoly</i>	Chapter 10 (pp. 313-319 not "Welfare", pp. 325-329)
7. <i>Welfare Economics and Efficiency Criteria</i>	Chapter 8 (pp. 219-249) Chapter 10 (pp. 319-324)
8. <i>Other Opportunities for Market Failure: Externalities and Public Goods</i>	Chapter 13 (pp. 417-424, "External Benefits" 430-431) Chapter 14 (skim purposefully)
9. <i>Special Topics and Concluding Remarks</i>	Hazlitt XXV Reread Chapter 19

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\*NOTE: Both reading assignments and the course outline are **subject to change**. Reading assignments are from the main course text (Landsburg) unless otherwise noted.