

ECON 100-04, Introduction to Economics, Spring 2012

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**Economics 100: Introduction to Economics
Spring 2012**

Art Carden

Tuesday & Thursday, 9:30-10:45 AM

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Peer Tutor: Rachel Smith. Times TBA.

“The art of economics consists in looking not merely at the immediate but at the longer effects of any act or policy; it consists in tracing the consequences of that policy not merely for one group but for all groups.”... “To see the problem as a whole, and not in fragments: that is the goal of economic science.”¹

What are We Learning and Why is It Important?

Welcome to Economics 100. This syllabus provides a tentative guide to the course. The assignments and course outline are subject to change, but there won't be any huge surprises.

In this course, you will learn the fundamental principles of economics and how to apply them. We will consider several key topics: incentives, trade, profits and losses, the workings of supply and demand, the causes and consequences of government intervention, and the aggregate performance of economic systems. The course fulfills the F8 Foundation Requirement; this means that we will “explore and understand the systematic analysis of human interaction and contemporary institutions” through lectures, hands-on homework assignments, exams, and extensive in-class discussion.

According to the Rhodes Vision, “Rhodes College aspires to graduate students with a life-long passion for learning, a compassion for others, and the ability to translate academic study and personal concern into effective leadership and action in their communities and the world.” Understanding economics is integral to the Rhodes Vision in that economics equips you with a unique set of tools that will help you separate truth from error. Economic analysis *as such* does not produce value judgments, but careful economic reasoning can inform “effective leadership and action” in the boardroom and at the ballot box.

How are We Learning It?

With proper effort, Economics 100 will be a rich and rewarding experience. You are expected to attend all class meetings, and I will draw on the assigned readings and supplementary material very extensively for assignments, exam questions, and course lectures. **Be prepared to spend eight to ten hours per week outside the classroom on work for this course.**

Econ 100 will also be an exercise in managing large amounts of complex information. For most of the material, exposure during class meetings will not suffice. You are responsible for all course material, announcements, and assignments given in class or via email to your @rhodes.edu account. I strongly encourage you to make regular use of tutoring sessions and office hours. I expect you to abide by the honor code in all you do for this class.

¹ Hazlitt, Henry. 1996 [1946]. *Economics in One Lesson*. San Francisco: Laissez-Faire Books, pp. 5, 184. Emphasis in original.

Learning is a cooperative endeavor. Multitasking during class is unwise, distracting, and disrespectful: it imposes what economists call a *negative externality* on everyone else. If I have reason to believe that anyone in the room is working on material for another class, surfing the web, texting, sleeping, etc., everyone in the class will get a quiz. The quiz will be un-droppable. The same will happen if a phone rings, chimes, vibrates, or starts playing the Steve Miller Band's "The Joker" in class.

Readings and Resources

Tyler Cowen and Alex Tabarrok, *Modern Principles of Economics*.

This will be our core text. Supplementary readings and materials will be made available in class and online. A textbook cannot be read like a novel. Some reading experts suggest that the best way to proceed is to thoroughly "preview" everything: read the introduction, the conclusion, and the sub-headings before you proceed. Make note of visual aids and definitions in the margins. Familiarizing yourself with what you are about to do is an exercise in reinforcement and repetition that will prime your mind for effective study. Whenever we begin a new chapter in the textbook, you should skim it first, read the "Takeaway" section at the end of the chapter, and then study the chapter carefully. I will discuss online resources that accompany the book as the semester progresses.

The questions at the ends of the chapters will help you master the material. You should make a good-faith effort to attempt most (if not all) of the problems as they will closely resemble the problems you will need to master in the homework and on the exams.

Roger LeRoy Miller, Daniel K. Benjamin, and Douglass C. North, *The Economics of Public Issues*.

This features short chapters that apply the principles we will learn this semester to a variety of different public policy issues.

Russell Roberts, *The Choice: A Fable of Free Trade and Protection*.

This is a short novel that explains the economics of international trade.

Jason Womack, *Your Best Just Got Better*.

Jason Womack works with executives and professionals around the world on issues related to workplace performance. He will speak on campus on Thursday, February 9.

Academic Support

Disability Services: If you require accommodation, please contact Melissa Butler McCowen at the Office of Student Disability Services immediately (x3994, mccowenm@rhodes.edu). **Accommodations will not be granted without proper documentation from ODS.**

The Writing Center: <http://www.rhodes.edu/writingcenter>, writingcenter@rhodes.edu, x3393.

The Technology Helpdesk: You can reach them at x4357 or helpdesk@rhodes.edu.

Assignments and Grades

You will have the opportunity to earn 1000 points in this course, with your grade calculated as (points earned/1000), by doing the following:

Three Exams (900 points). You will take two exams and a final. The first exam is scheduled for **Thursday, September 29**. The second exam is scheduled for **Thursday, November 3**. The Final Exam will take place on Wednesday, May 3 at 1:00 PM. The two in-class exams will be worth 250 points each. The cumulative final exam will be worth 400 points.

Quizzes, Homework, and Bonus Points (100 points). You will get a five-point homework assignment for each class, and you will have other optional assignments that will give you the opportunity to earn points. We will grade some of these in class, and I will count your top twenty homework assignments. The work you submit for a grade must be your own. You *may* discuss the concepts with your classmates, but you *may not* share your written work with one another. Late homework will not be accepted. There will be several opportunities for bonus points.

Again, your final percentage grade will be calculated as (points earned/1000). Letter grades will be assigned as follows:

930+ (93%): A	730+ (73%): C
900+ (90%): A-	700+ (70%): C-
870+ (87%): B+	670+ (67%): D+
830+ (83%): B	630+ (63%): D
800+ (80%): B-	600+ (60%): D-
770+ (77%): C+	599- (<60%): F

Missing Assignments and Exams

You are expected to complete all assignments as directed, and the going assumption will be that you are following directions and recommendations. For all intents and purposes, due dates and exam times are to be considered written in stone. If, for any reason, you feel that you cannot complete an assignment when it is due or take an exam on the assigned date, you may submit a signed, pledged explanation of the circumstances preventing you from completing the assignment as directed (not to exceed one double-spaced, typed page). I may require supporting documentation, and I reserve the right to refer any petition to one or more colleagues for anonymous review. I will maintain confidentiality.

Course Outline and Schedule for Econ 100	
This outline is ambitious, preliminary, and subject to change. If we deviate from the outline, fear not. If we fall behind the outline, fear not. The assignments are to be read before the date for which they are listed. The syllabus will likely change as the semester progresses; watch your email for updates.	
Week 1: The Basics, or, <i>How To Win at Econ 100</i>	
Thursday, 1/12	Read the syllabus and add important dates to your calendar. Read the Nine Principles of Economics article and pages 1-4 of <i>The Economics of Public Issues</i> . Objective: State and Explain the Nine Principles of Economics.
Friday, 1/13	Noam Chomsky will speak at 5 PM in the BCLC's McCallum Ballroom.
Week 2: Demand and Supply	
Tuesday, 1/17	Demand. Textbook Chapter 2, pp. 13-20. Objective: Explain the law of demand and some of its implications.
Thursday, 1/19	Supply. Textbook Chapter 2, pp. 20-28. Objective: Explain the law of supply and some of its implications.
Week 3: Equilibrium and Elasticity	
1/24	Equilibrium. Textbook Chapter 3, pp. 33-47. Objective: Identify and explain equilibrium graphically, mathematically, and verbally.
1/26	Elasticity. Textbook Chapter 4, pp. 51-69. Objective: Calculate, explain, and apply price elasticities of demand and supply.
Week 4: Markets and Intervention	
1/31	The Market Process. Textbook Chapter 5, pp. 79-91. Objective: Explain how "markets link the world."
2/2	Price Ceilings and Price Floors. Textbook Chapter 6, pp. 97-112, and Chapter 7, pp. 119-125. Objective: Explain how price ceilings and floors affect market efficiency.
Week 5: Taxes, Subsidies, and the Labor Market	
2/7	Taxes and Subsidies. Textbook Chapter 7, pp. 125-137. Objective: Explain how taxes and subsidies affect the market Robert Mnookin will speak at 5:00 PM in Blount Auditorium.
2/9	The Labor Market. Textbook Chapter 14, pp. 289-306. Skim chapter 24, pp. 513-532. Objective: Apply what we have learned so far to the market for labor. Jason Womack will speak at 7:00 PM in Blount Auditorium.
Week 6: Midterm Exam #1	
2/14	Buffer and Review.
2/16	Midterm Exam #1 in class. Gordon Wood will speak at 7:00 PM in Blount Auditorium.
Week 7: International Trade	
2/21	Comparative Advantage and Trade. Textbook Chapter 8, pp. 143-149. Objective: Explain how trade creates wealth and conserves resources.
2/23	Comparative Advantage and Trade. Textbook Chapter 8, pp. 143-160. Objective: Explain how trade creates wealth and conserves resources.

IHS Weekend Seminar, 2/24-2/26

We will host a weekend-long seminar with the Institute for Humane Studies titled “Liberty, Democracy, and Decisions.” You can register by sending me an email, and you will be able to earn up to ten points of extra credit for attending.

Week 8: Externalities and Market Failure

2/27	Russell Berman will speak at 6:00 PM in Blount.
2/28	Externalities. Textbook Chapter 9, pp. 169-182. Objective: Explain why externalities reduce efficiency and how government can fix it.
3/1	Public Goods and the Tragedy of the Commons. Textbook Chapter 17, pp. 347-356. Objective: Explain why common property resources are over-exploited.

Week 9: Competition and Monopoly

3/5	Tara Smith will speak at a time and location TBA.
3/6	Firms in Competitive Markets. Textbook Chapter 10, pp. 187-202. Objective: Explain why competitive markets are efficient.
3/8	Monopolistic markets. Textbook Chapter 11, pp. 219-235. Objective: Explain why a monopoly is inefficient and how government can fix it.

Week 10 (3/13, 3/15): Spring Break

Week 11: Competition and Monopoly, Part II

3/20	Price Discrimination. Textbook Chapter 12, pp. 243-256. Objective: Explain the relationship between price discrimination and competition.
3/22	No class. I'm traveling. Jane Landers will speak at 7:00 PM in Blount.

Week 12: Macroeconomics: Measuring Progress

3/27	Gross Domestic Product. Textbook Chapter 20, pp. 405-421. Objective: Define, explain, and evaluate Gross Domestic Product.
3/29	Unemployment and Inflation. Textbook chapters 24-25, pp. 513-553. Objective: Define, explain, and evaluate unemployment and inflation.

Week 13: Midterm Exam #2 & Easter Recess

4/3	Midterm Exam #2 in class.
4/5	Easter Recess. No Class.

Week 14: Economic Growth, Saving, and Investment

4/10	Economic Growth. Textbook Chapters 21-22, pp. 427-473. Objective: Explain the causes and consequences of economic growth.
4/12	Economic Growth, Saving, & Investment. Textbook Chapters 22-23, pp. 451-503. Objective: Explain the causes and consequences of economic growth.

Week 15: Business Cycles

4/17	Business Cycles. Textbook Chapter 26, pp. 561-582. Objective: Explain the causes and consequences of business cycles.
4/19	Monetary Policy. Textbook Chapters 28 and 29, pp. 609-644. Objective: Explain how monetary policy can correct business cycles.
4/20 and 4/21	The Theater department is putting on a production of Henrik Ibsen's <i>Enemy of the People</i> , which will deal with some of the themes we will address this semester.

Week 16: Business Cycles	
4/24	Fiscal Policy. Textbook Chapters 30 and 31, pp. 655-694. Objective: Explain how fiscal policy can correct business cycles.
4/26	Austrian Economics. Assignment TBA. Objective: Explain the Austrian Theory of the Business Cycle.
4/28	Reading Day
Week 17: Final Exam	
5/2	Final Exam at 1:00 PM
Exams	
<ol style="list-style-type: none"> 1. Following College policy, unexcused absence from the final exam for which you are registered will result in automatic failure for the course. 2. If you are traveling as part of an official College function and if you have a required exam for another class during the alternate time, arrangements will be made with the athletic department staff and you will take your exam while you are away. To be excused from your exam, must notify me before 6:00 PM on April 26. 	