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ECON 101-06, Introduction to Economics, Fall 2007

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Authors	Hammock, Michael R.
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Econ 101 18051 and 18052, sections 5 and 6
Rhodes College Department of Economics and Business Administration
Tuesdays and Thursdays, 8:00 to 9:15 A.M. (18051) and 9:30 to 10:45 (18052)
Buckman Hall 212

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.

I have also recently read an interesting book—*The Myth of the Rational Voter* by Bryan Caplan—which persuasively argues that most voters have strongly biased beliefs, which can lead to bad policy. I see correction of these biases as an important goal of this course.

Textbook:

Your primary textbook is Landsburg, Steven E., *Price Theory, Seventh Edition*, Thomson Southwestern, 2007.

The secondary text is Harford, Tim, *The Undercover Economist*, Oxford University Press, 2006.

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

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

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

Landsburg, Stephen, *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 Tuesday, Wednesday, and Thursday, from 1:00 to 3:00, and by appointment. I will be in Nashville most Fridays through Mondays, and unable to talk to you in person.

Course Tutor:

Matt Becker is the official Peer Tutor for the course. He will be available Tuesday evenings from 8:00 P.M. until 11:00 P.M. in Barrett library, room 302.

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, as most students find the lectures to be the best source of information for the homeworks and exams. I may also give occasional random pop quizzes, which provide an incentive to read the assigned material, and a way for me to check on your progress.

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 the lecture notes.

Assignments:

You will have several assignments throughout the semester to give you practice with the concepts covered in class. These assignments are will not be graded; they are for own practice.

Exams:

You will have two cumulative exams, a midterm and a final. Attendance at the final exam is mandatory; an unexcused absence results in automatic failure of the course as per the Rhodes College Catalogue, page 72.

Economics in the Movies:

Professor Art Carden and I will be showing three films during the semester. Each film is interesting for economic reasons, and we will discuss the economics after each film. The next class period will start with a quiz containing extra-credit questions about the movie.

I will not loan out my copy of the movie, or discuss with you individually the economics of the film. If you want to get this extra credit, you've got to come to the showing.

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! We may also play a Futures Market game.

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:

- 4 Homeworks: 20% (each is graded out of 50 points)
- 8 Quizzes: 8% (each is graded out of 10 points)
- Midterm: 36% (graded out of 360 points)
- Final: 36% (graded out of 360 points)

These add to a total of 1000 points.

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, Supply, Demand, and Consumer Theory

August 23: Course introduction and syllabus review. Biases, Graphs, assumptions, and Supply and Demand.

August 28: Trade and comparative advantage. Landsburg Pages 31-42. Harford, Pages 201-230.

August 30: More Trade and Comparative Advantage. Armchair Economist chapter 21, Bastiat “Petition of the Candlemakers”.

September 4: Supply and Demand: Landsburg Pages 601-618, 1-25. Harford, Pages 1-4. Drop/Add Ends.

September 6: More Supply and Demand: **Supply and Demand Game.**

September 11: Consumer Theory: Landsburg Pages 45 to 66. **Homework 1 (Supply and Demand) due.**

September 13: More Consumer Theory.

September 18: Consumers and the Demand Function: Landsburg Pages 77 to 102.

September 20: More on Demand Theory. **Economics in the Movies: Trading Places, 7:00 P.M., Frazier-Jelke B.**

September 25: More Consumer and Demand Theory. **Homework 2 (Consumer Theory) due.**

September 27: Wrap-up and review for exam.

October 2: Exam 1

Section Two, Costs and Profit Maximization

October 4: Exam Debriefing. Producer Theory: Landsburg Pages 113 to 129.

October 9: More Producer Theory. **Production Game.**

October 11: Production and Costs: Pages 135 to 164.

October 13 to October 16: Fall Recess

October 18: Perfect Competition: Landsburg 169 to 209. Harford Pages 61 to 78.

October 23: More on Perfect Competition. **Homework 3 (Costs) due.**

October 25: Efficiency and Deadweight Loss: Landsburg Pages 219 to 263. **Economics in the Movies: The Third Man, 7:00 P.M., Frazier-Jelke B.**

October 30: Price Controls. Miller et al. Chapters 11 and 13

November 6: The Other Extreme: Monopoly: Landsburg Pages 313 to 329.

November 8: Price Discrimination and Regulation of Monopoly, 329 to 368

November 13: Monopolistic Competition (and other market structures): Landsburg Pages 384 to 393. **Cooperate/Defect game.**

November 15: Market Failure: Externalities: Landsburg Pages 417 to 421. Harford Pages 79 to 108. **Homework 4 (Monopoly) due.**

November 21 to November 25: Thanksgiving Recess

November 27: Market Failure: Common Property and Public Goods: Landsburg Pages 455 to 492.

November 29: Information Problems: Harford Pages 109 to 135. Public Choice Economics, Gwartney et al. Chapter 6. **Lobbying Game. Economics in the Movies: A Christmas Carol, 7:00 P.M., Frazier-Jelke B.**

December 4: Last day of Class. More Public Choice and Review.

December 9: CRN 18051 Final Exam, 1:00 P.M. CRN 18052 Final Exam, 5:30 P.M.