



ECONOMICS 101A
Fall 2018
HAL 208
MWF: 11:00-11:50AM

ECON 101: Principles of Microeconomics

“Economics deals with society’s fundamental problems; it concerns everyone and belongs to all. It is the main and proper study of every citizen.”

~Ludwig von Mises

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OFFICE HOURS: MWF: 8:50-10:50am

TR: 2:30-4:30pm

Or by appointment

This syllabus is a contract between myself and you. I will work hard to uphold the guidelines outlined here and expect you to do the same. That said, I reserve the right to make changes if necessary.

REQUIRED TEXTS

Ritenour, Shawn. 2010. *Foundations of Economics*. Wipf and Stock.

COURSE DESCRIPTION

This class explores the puzzle of how individuals with conflicting plans can live peaceably in a world of scarcity—a situation that would seemingly doom them to endless conflict. As we will see, the price system is invaluable for reconciling individuals’ disparate goals in peaceful fashion.

Economics, a unified science that examines cause-and-effect relationships in the social order, is invaluable for explaining how human cooperation emerges in a world of scarcity. Microeconomics, or “price theory,”—the proper core of economics—is essential to this task. In fact, since the Marginal Revolution (ca. 1871), price theory has been the primary lens through which economists view the world.

To understand how coordination is possible, we will survey the principles of human action, how those principles enable the derivation of economic law, and how economic law governs social interaction in the market economy. Our study will include the method of economic theory, the nature and scope of economic laws, human action, market pricing and production, wealth creation, entrepreneurship, and government intervention into the market economy. Along the

way, we will apply economic reasoning to real-world dilemmas. Above all, we will situate this investigation within a Christian worldview.

Learning economics may mount serious intellectual challenges to many widely-held and sometimes deeply-cherished beliefs about how the world works. Economics, when properly applied, places parameters on people's utopias—a fact which helps explain economists' historic (though not necessarily contemporary) unpopularity in the halls of power. In this class, we will not shy away from topics about which economics may offer a controversial analysis; instead, we will explore them with a respectful tone and in light of Christian revelation.

LEARNING OUTCOMES:

This course is intended to equip students to:

1. Define economic terms such as human action, opportunity cost, marginal utility, exchange, property, division of labor, comparative advantage, demand, supply, equilibrium price, production structure, interest, profit, entrepreneur, factor of production, and price control. This will be assessed by objective questions on the exams. [2, 5]
2. Articulate a Christian worldview as it applies to the body of economic thought. This will be assessed by objective questions on the exams and the short paper. [1]
3. Understand and describe the mutually beneficial nature of voluntary human interaction and the role that the institution of private property plays in such interaction. This will be assessed by objective questions on the exams and the short paper. [2, 3, 5]
4. Understand and describe how government intervention into the private property order generates dis-coordination and unintended consequences. This will be assessed by objective questions on the exams and the short paper. [2, 3, 4, 5]
5. Use economic reasoning to solve economic problems. This will be assessed by objective questions on the exams. [4, 5]

TENTATIVE SCHEDULE OF TOPICS, ASSIGNMENTS, AND EXAMS

<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>
Aug 27	Syllabus and Introduction	
Aug 29	Foundations of Economics	Ritenour: 1-13
Aug 31	Economic Method	Ritenour: 14-18
Sep 3	LABOR DAY	
Sep 5	Human Action	Ritenour: 19-24
Sep 7	Subjective Value	Ritenour: 24-29
Sep 10	Economic Goods and Time	Ritenour: 29-36
Sep 12	Marginal Utility and Returns	Ritenour: 38-50
Sep 14	Direct Exchange	Ritenour: 51-59
Sep 17	Direct Exchange	Ritenour: 59-63
Sep 19	Absolute Advantage	Ritenour: 63-68
Sep 21	Comparative Advantage	Ritenour: 69-73
Sep 24	Property and Ownership	Ritenour: 74-84
Sep 26	EXAM 1	Study
Sep 28	Indirect Exchange	Ritenour: 86-93
Oct 1	The Law of Demand	Ritenour: 94-104
Oct 3	The Law of Demand	Ritenour: 94-104
Oct 5	The Law of Supply	Ritenour: 104-112
Oct 8	Price Formation	Ritenour: 112-128
Oct 10	Price Formation	Ritenour: 112-128
Oct 12	Price Formation	Ritenour: 112-128
Oct 15	Elasticity	Ritenour: 129-134
Oct 17	Demand Changes	Ritenour: 135-148
Oct 19	FALL BREAK	Ritenour: 112-128
Oct 22	Supply Changes	Ritenour: 148-158
Oct 24	Market Changes	Ritenour: 158-162
Oct 26	Capital Formation	Ritenour: 163-169
Oct 29	Time Preference	Ritenour: 169-177
Oct 31	Income Maximization	Ritenour: 178-191
Nov 2	EXAM 2	Study
Nov 5	The Interest Rate	Ritenour: 192-198
Nov 7	Interest Rate Formation	Ritenour: 199-209
Nov 9	Profit and Loss	Ritenour: 209-225
Nov 12	Factor Prices	Ritenour: 226-239
Nov 14	Factor Prices	Ritenour: 239-250
Nov 16	Cartel	Ritenour: 251-258
Nov 19	THANKSGIVING	
Nov 21	THANKSGIVING	
Nov 23	THANKSGIVING	
Nov 26	Monopoly	Ritenour: 259-264, 470-472
Nov 28	Labor Unions	Ritenour: 265-272
Nov 30	Price Ceilings	Ritenour: 409-419
Dec 3	Price Ceilings	Ritenour: 409-419

Dec 5	Price Floors	Ritenour: 419-431
Dec 7	Regulation	Ritenour: 458-470
Dec 10	Regulation	Ritenour: 473-477
Dec 12	Taxation	Ritenour: 437-441
Dec 13	STUDY DAY	Study
Dec 14	FINAL EXAM—9-11AM	Study

This is a tentative schedule. If it proves to ambitious, I will attempt to say less about each topic, rather than cutting topics entirely.

COURSE REQUIREMENTS, EVALUATION, GRADING

Final grades are based on two (2) midterm exams, one (1) comprehensive final exam, and 5 pop quizzes.

Your grade will be the **higher** of the following two grades:

Exam 1: 20%

Exam 2: 30%

Final Exam: 40%

Quizzes: 10%

OR if you receive an A on the final, you will receive an A in the class.

There is also an opportunity for additional points. You may complete up to four (4) two-page, double-spaced essays. Upon a good faith completion of an essay, you will receive a 1% increase to your final grade. Completing all four essays will increase your final course grade by 4%. The instructions for these papers may be found on my website and on the course materials page at mygcc.

Grading Scale:

A: 93-100 **A-:** 90-92.9 **B+:**87-89.9 **B:** 83-86.9 **B-:**80-82.9 **C+:**77-79.9
C: 73-76.9 **C-:** 70-72.9 **D+:** 67-69.9 **D:** 63-66.9 **D-:** 60-62.9 **F:** <60

There will be no make-up exams or quizzes. If a you must miss an exam, please discuss it with me prior to the exam. In the event of an emergency, you should email me as soon as possible. If you miss an exam and I have not accepted your excuse, a grade of “0” will be given. If the absence is excused, the weight of that exam will be added to the final exam. The same policy applies to quizzes.

The final exam must be taken at the scheduled time. One exception: students who have three or more finals scheduled for the same day may discuss with me an alternative time to take the final.

IN-CLASS EXPECTATIONS

The use of phones and laptops is prohibited in class. I did not make this decision lightly. Many elite institutions, including law schools, have chosen to ban electronics from the classroom on the same grounds that I do so: studies have repeatedly demonstrated that laptop usage exerts a statistically significant, negative effect on classroom outcomes. For example, a recent study of Principles of Economics classes at West Point found that when laptops were banned, students scored, on average, .18 standard deviations higher than their peers in laptop-using classrooms.¹ Several studies also demonstrate that taking notes by hand is, on average, superior for learning and retention than is taking notes by electronic device.² However, the strongest argument for a laptop ban comes from recent studies indicating that laptop usage harms the performance of non-laptop-using students in a laptop-using classroom.³ When someone's activity imposes costs on someone else, economists call it a "negative externality." My policy of banning electronics is an attempt to mitigate negative externalities in the classroom.

KEYS TO SUCCESS

1. **Do the reading.** It is imperative that you come to class having done the readings. My lectures will both reinforce and build on the assigned reading.
2. **Re-copy your notes.** After lectures, re-copy your notes. Your re-copied notes should be significantly shorter than your initial notes, focusing only on the key topics and terms.
3. **Practice.** Be sure to know the answer to all the study guide questions before exams.
4. **Apply; don't (just) memorize.** Memorization is necessary, but not sufficient for learning economics. Learn to apply the economic logic to unique situations.
5. **Form a study group.** Historically, students who formed a study group to work through the study guides performed the best in this course.

COLLEGE REGULATIONS

This course complies with the Attendance Expectations and Academic Integrity policies of the College as described in the Grove City College Bulletin. Attendance at all classes for which a student is registered is essential to the satisfactory completion of the course. If an absence is incurred for any reason, it is the obligation of the student to ascertain from the instructor what is to be done to maintain his/her standing in the course.

A student may have unexcused absences which total less than or equal to the number of times the class meets per week. In other words, classes meeting four times per week allow four unexcused absences; three times per week allow three unexcused absences, etc. Absences are excused for authorized GCC activities, loss of immediate family member, and Zerbe-certified illness or injury. Please consult the College Bulletin (pgs. 53-54) for more details on college attendance policy.

¹ See here: <http://educationnext.org/should-professors-ban-laptops-classroom-computer-use-affects-student-learning-study/>.

² See here: <https://www.scientificamerican.com/article/a-learning-secret-don-t-take-notes-with-a-laptop/> or here: <https://sites.udel.edu/victorp/files/2010/11/Psychological-Science-2014-Mueller-0956797614524581-1u0h0yu.pdf>.

³ See here: <http://www.sciencedirect.com/science/article/pii/S0360131512002254?via%3Dihub>.

Academic Integrity: The GCC community maintains strict standards for academic integrity and honesty. By signing their application form, all GCC students have pledged themselves to academic integrity. Please consult the College Bulletin (pgs. 55-57) for what constitutes academic dishonesty and plagiarism.

In doing papers or assignments outside of the classroom, taking exams and quizzes, and preparing for exams and quizzes, students should do their own work and not cooperate with, aid, or encourage other students to violate this policy. Consult the College Bulletin for more details on what constitutes a violation of college policy.

In addition, by vote of the GCC faculty, a student who violates, or who assists another to violate, the Honesty in Learning Policy shall be penalized with a minimum of a failing grade for the specific work for which the dishonesty was committed. More severe penalties may be imposed by faculty including failure in the course. For the processes through which incidents are handled consult the College Bulletin.

Accessibility & Accommodations: If you anticipate physical or academic barriers based on a disability, please let me know immediately so that we may discuss options. You may also contact the disability services office to establish accommodations. The Disability Services Coordinator may be reached at (724)-264-4673 or disabilityservices@gcc.edu.