



ECONOMICS 101A
Spring 2020
HAL 310
MWF: 11:00-11:50AM

ECON 101: Principles of Microeconomics

“Slavery, protectionism, and monopoly find defenders, not only in those who profit by them, but in those who suffer by them.”

~Frederic Bastiat, 1850

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This syllabus is a contract between us. Both parties should work hard to uphold the guidelines outlined here. I reserve the right to make changes if necessary.

REQUIRED TEXTS

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

Selected readings.

RESOURCE

Murphy, Robert. 2010. *Lessons for the Young Economist*. Ludwig von Mises Institute. Available as a free PDF online.

COURSE DESCRIPTION

This class explores the question of how individuals with conflicting goals 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, 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 interactions. 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. Along the way, we will apply economic reasoning to real-world dilemmas.

Learning economics may mount serious intellectual challenges to many widely held and 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 discoordination 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>
Jan 20	Introduction: Do seatbelt laws kill?	Bastiat: "Introduction" to <i>That Which is Seen, and That Which is Not Seen</i>
Jan 22	Foundations of Economics: Why should you thank your high school geometry teacher?	Ritenour: 1-13
Jan 24	Economic Method: Is economics a science?	Ritenour: 14-18
Jan 27	Human Action: What did the Martian see at Grand Central Station?	Ritenour: 19-24; 34-36 Boettke: "Proposition 3: The Facts of the Social Sciences are What People Think and Believe"
Jan 29	Opportunity Cost: Do hurricanes make the world a better place?	Ritenour: 24-29; 33-36 Hazlitt: "The Lesson" and "The Broken Window" in <i>Economics in One Lesson</i> (pp. 3-5 and pp. 11-12)
Jan 31	Economic Goods: How do you make an omelet?	Ritenour: 29-33 L. Read: "I, Pencil" (pp. 3-9)
Feb 3	Marginal Utility: Why do quarterbacks earn more than math teachers?	Ritenour: 38-50 Boudreaux: "The Power of Economics"
Feb 5	Direct Exchange: Should we "cut out the middleman"?	Ritenour: 51-59 Bastiat: "Abundance and Scarcity" (pp. 7-15) in <i>Economic Sophisms</i>
Feb 7	Direct Exchange: If your boat was sinking, how much would you pay to be rescued?	Ritenour: 59-63 Landsburg: "The Iowa Car Crop"
Feb 10	Absolute Advantage: How did life get so easy?	Ritenour: 63-68 Caplan: "Anti-Foreign Bias" in <i>The Myth of the Rational Voter</i> (pp. 10-12)
Feb 12	Comparative Advantage: Was Ringo Starr the best drummer in the world?	Ritenour: 69-73

Feb 14	Property and Ownership: Why won't chickens go extinct?	Ritenour: 74-84 Alchian: "Property Rights"
Feb 17	MIDTERM 1	Study
Feb 19	Indirect Exchange: When were cigarettes used as money?	Ritenour: 86-93 Radford: "The Economic Organization of a P.O.W. Camp" (pp. 1-6)
Feb 21	The Law of Demand: Why should you buy strawberries in June?	Ritenour: 94-104
Feb 24	The Law of Demand: Do sugar tariffs make us fat?	Ritenour: 94-104
Feb 26	The Law of Supply: Why aren't you a garbage collector?	Ritenour: 104-112 Boettke: "Proposition 4: Utility and Costs are Subjective"
Feb 28	Price Formation: Do greedy sellers set prices?	Ritenour: 112-128
Mar 2	SPRING BREAK	
Mar 4	SPRING BREAK	
Mar 6	SPRING BREAK	
Mar 9	Price Formation: Can "demand" exceed "supply"?	Ritenour: 112-128
Mar 11	Price Formation: How do prices turn enemies into friends?	Ritenour: 112-128 Murphy: "Problems with the Cost Theory of Value"
Mar 13	Elasticity: Was Prohibition a failure?	Ritenour: 129-134
Mar 16	Demand Changes: If water's expensive, why not use bricks?	Ritenour: 135-148
Mar 18	Supply Changes: What's graphite got to do with peanut butter?	Ritenour: 148-158
Mar 20	Market Changes: How does Uber's "surge pricing" make the world a safer place?	Ritenour: 158-162 Caplan: "Anti-Market Bias" in <i>The Myth of the Rational Voter</i> (pp. 7-10)
Mar 23	Capital Formation: Will robots take our jobs?	Ritenour: 163-169 Caplan: "Make-Work Bias" in <i>The Myth of the Rational Voter</i> (pp. 12-15)

Mar 25	Time Preference: What can a marshmallow experiment tell us about society?	Ritenour: 169-177
Mar 27	Income Maximization: Can I make more money by lowering my price?	Ritenour: 178-191
Mar 30	MIDTERM 2	Study
Apr 1	Profit and Loss: What is the interest rate?	Ritenour: 192-209
Apr 3	Profit and Loss: Is there such a thing as an “unregulated market”?	Ritenour: 209-225 Murphy: “Superman Needs an Agent”
Apr 6	Factor Prices: If you want to save trees, should you use less paper?	Ritenour: 226-239
Apr 8	Factor Prices: Who will do the “dirty jobs”?	Ritenour: 239-250
Apr 10	EASTER BREAK	
Apr 13	EASTER BREAK	
Apr 15	Cartel: Why do capitalists hate capitalism?	Ritenour: 251-258
Apr 17	Monopoly: Why does the DMV take forever?	Ritenour: 259-264, 470-472
Apr 20	Labor Unions: Who should we thank for high wages?	Ritenour: 265-272
Apr 22	Price Ceilings: Need an apartment? Search the obituaries!	Ritenour: 409-419
Apr 24	Price Ceilings: How do you conquer a city in three days (or less)?	Ritenour: 409-419 Munger: “They Clapped”
Apr 27	Price Floors: Why are movie theaters lit with light strips?	Ritenour: 419-431
Apr 29	Regulation: What’s the solution to football’s “concussion crisis”?	Ritenour: 458-470 Horwitz: “Of Football Helmets and Bailouts”
May 1	Regulation: What if I told you that airplane food used to be good?	Ritenour: 473-477
May 4	Taxation: Where did all the windows go?	Ritenour: 437-441
May 6	TBD	
May 7	STUDY DAY	Study
May 11	FINAL EXAM—8-10AM	Study

COURSE REQUIREMENTS, EVALUATION, GRADING

Final grades are based on two (2) midterm exams, one (1) comprehensive final exam, and five (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

If a you must miss an exam/quiz, please discuss it with me prior to the exam/quiz. In the event of an emergency, you should email me as soon as possible. If you miss an exam/quiz for an unexcused reason, a grade of "0" will be given. **If an exam absence is excused, you have two options.** You may elect to take a make-up exam. Alternatively, you may elect to add the weight of the missed exam to the next exam. Missing a quiz for an excused absence will result in the weight of the quiz being added to the next quiz (i.e. the next quiz will comprise 4% of your grade, instead of 2%).

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

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

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.

Consistent with the College's goal of fostering a collegial academic environment and a community founded on the Christian ethic, all members of this class will treat each other respectfully, even when disagreeing with a viewpoint expressed by a classmate or the professor. *Ad hominem*, derogatory, or demeaning comments directed at individuals in or outside of our classroom do nothing to facilitate our pursuit of truth, undermine the nature of our Christian community, and will not be tolerated.

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.

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.

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>.

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.