

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

“Economic law is not suppressed by legislated law.”

~Armen Alchian, 1977

“We are perishing for want of wonder, not for want of wonders.”

~G.K. Chesterton, 1909

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OFFICE HOURS: M: 8-9am; 12-1pm; F: 8-9am; 12pm-3pm; T/TR: 8:30am-9:30am.

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.

Fuller, Caleb. 2021. *No Free Lunch*. Freiling Publishing.

Selected readings.

OPTIONAL RESOURCES

Shapiro, Milton. 1985. *Foundations of the Market Price System*. University Press of America. Available as a [free PDF](#).

Murphy, Robert. 2010. *Lessons for the Young Economist*. Ludwig von Mises Institute. Available as a [free PDF](#).

Callahan, Gene. 2004, 2nd edition. *Economics for Real People*. Ludwig von Mises Institute. Available as a [free PDF](#).

[Optional essays instructions.](#)

[Everyday Economic Errors](#)

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 a 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 cooperation in a world of scarcity 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, entrepreneurship, and government intervention. Along the way, we will apply economic reasoning to a host of real-world problems.

You should know that economics poses 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. [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. [2, 3, 5]
4. Understand and describe how government intervention into the private property order generates discoordination. This will be assessed by objective questions on the exams. [2, 3, 4, 5]

TENTATIVE SCHEDULE OF TOPICS, ASSIGNMENTS, AND EXAMS

<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>
Jan 17	The Economic Approach I: Do seatbelt laws kill?	Boettke: "The Four Pillars of Economic Understanding"
Jan 19	The Economic Approach II: Do economists agree?	McCloskey: "Introduction" to <i>The Applied Theory of Price</i> (pp. 1-4) Fuller: Introduction
Jan 21	Foundations of Economics: Why should you thank your high school geometry teacher?	Ritenour: 1-8
Jan 24	Economic Method: What's the difference between a rock and a person?	Ritenour: 8-18
Jan 26	Human Action: What did the Martian see at Grand Central Station?	Ritenour: 19-24; 33-36 Boettke: "Proposition 3: The Facts of the Social Sciences are What People Think and Believe"
Jan 28	Opportunity Cost: Do hurricanes make the world a better place?	Ritenour: 24-29 Fuller: Chapter 1 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: If your life depended on it, could you make an omelet?	Ritenour: 29-33 L. Read: "I, Pencil" (pp. 3-9) "I, Pencil: The Movie" (Watch)
Feb 2	Marginal Utility: Why do quarterbacks earn more than economics professors?	Ritenour: 38-50 Boudreaux: "The Power of Economics" Bastiat: "Abundance and Scarcity" (pp. 7-15) in <i>Economic Sophisms</i>

		<u>"If We Treated Teachers Like Pro Athletes" (Watch)</u>
Feb 4	Direct Exchange: Should we "cut out the middleman"?	Ritenour: 51-59 <u>Murphy: "Superman Needs an Agent"</u>
Feb 7	Direct Exchange: Are low wages exploitative?	Ritenour: 59-63 Fuller: Chapter 4
Feb 9	Absolute Advantage: Whatever happened to Tasmania?	Ritenour: 63-68 <u>"How to Make a \$1,500 Sandwich in Only 6 Months" (watch)</u> <u>"The Russian Family who had Never Seen Another Person" (watch)</u> <u>"200 Countries, 200 Years" (watch)</u>
Feb 11	Comparative Advantage: Which state is the best for growing cars?	Ritenour: 69-73 <u>Caplan: "Anti-Foreign Bias" in The Myth of the Rational Voter (pp. 10-12)</u> <u>Landsburg: "The Iowa Car Crop" (pp. 1-2)</u> <u>Bastiat: "The Candlemakers' Petition"</u>
Feb 14	Property and Ownership: Where do the biggest oysters grow?	Ritenour: 74-84 <u>Alchian: "Property Rights"</u>
Feb 16	MIDTERM I	
Feb 18	Indirect Exchange: Can you spare a smoke?	Ritenour: 86-93 <u>Radford: "The Economic Organization of a POW Camp" (pp. 1-6)</u>

Feb 21	The Law of Demand I: In ten years, what should you remember from this class?	Ritenour: 94-104
Feb 23	The Law of Demand II: Do sugar tariffs make us fat?	Ritenour: 94-104 Fuller: Chapter 3
Feb 25	The Law of Supply: Why aren't you a garbage collector?	Ritenour: 104-112 Boettke: "Proposition 4: Utility and Costs are Subjective"
Feb 28	SPRING BREAK	
Mar 1	SPRING BREAK	
Mar 3	SPRING BREAK	
Mar 7	Price Formation I: What is a price?	Ritenour: 112-128 "Pendulum" (Watch)
Mar 9	Price Formation II: How do prices turn enemies into friends?	Ritenour: 112-128 Murphy: "Problems with the Cost Theory of Value" Sennholz: "Formation and Function of Prices" (optional)
Mar 11	Elasticity: Did Prohibition fail?	Ritenour: 129-134
Mar 14	Market Changes I: What happens to ER visits when the price of water changes?	Ritenour: 135-148
Mar 16	Market Changes II: What's graphite got to do with peanut butter?	Ritenour: 148-158
Mar 18	Market Changes III: 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 21	Factor Prices I: Will recycling paper save the trees?	Ritenour: 226-239
Mar 23	Factor Prices II: What's the deadliest job in America?	Ritenour: 239-250 "The 10 Most Dangerous Jobs in America"
Mar 25	MIDTERM II	

Mar 28	Profit and Loss I: What does it profit a man to gain the world and lose his soul?	Ritenour: 178-180; 209-220 Fuller: Chapter 6
Mar 30	Profit and Loss II: Is profit a four-letter word?	Ritenour: 220-225
Mar 31	Cartel: What if I told you that airplane food used to be delicious?	Ritenour: 251-258
Apr 1	Monopoly: Why does the DMV take forever?	Ritenour: 259-264
Apr 4	Labor Unions: Who should we thank for high wages?	Ritenour: 265-272
Apr 6	Price Ceilings I: Need an apartment? Search the obituaries!	Ritenour: 409-419 Fuller: Chapter 2
Apr 8	Price Ceilings II: How do you conquer a city in three days (or less)?	Ritenour: 409-419 Munger: "They Clapped"
Apr 11	Price Floors I: What happened to elevator operators?	Ritenour: 419-431
Apr 13	Price Floors II: Why does Europe have "butter mountains"?	Ritenour: 419-431 Summer: "Agricultural Subsidy Programs"
Apr 15	EASTER BREAK	
Apr 18	EASTER BREAK	
Apr 20	Taxes and Subsidies: Where did all the windows go?	Ritenour: 437-441
Apr 22	Regulation I: Will concussions doom the NFL? (And what's the solution?)	Ritenour: 458-470 Horwitz: "Of Football Helmets and Bailouts"
Apr 25	Regulation II: Will MySpace ever lose its monopoly?	Ritenour: 470-472
Apr 27	Regulation III: Who wants to be regulated?	Ritenour: 473-477
Apr 29	Economics Everywhere: Where can economics take you?	Leeson: "Justice, Medieval Style"
May 2	TBA	



May 5	STUDY DAY	
May 6	FINAL EXAM—8-10AM	

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 calculated in the following way:

- Exam 1: 25%
- Exam 2: 30%
- Final Exam: 35%
- Quizzes: 10%

However, if you receive an A on the final, you will receive an A in the class, regardless of your grade calculated according to the weights listed above.

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 course 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 or quiz absence is excused, you have two options.** You may elect to take a make-up exam or quiz. Alternatively, you may elect to add the weight of the missed assignment to the next comparable assignment (i.e. you may elect to add the weight of quiz 2 to quiz 3).

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. Many elite institutions, including law schools, have chosen to ban electronics from the classroom on the same grounds that I do so. Consider that 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.

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.** Students who form a study group to work through the study guides perform 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:

Preamble

Grove City College is deeply invested in upholding academic integrity and honesty. Three of the college's five core values, faithfulness, excellence, and community, directly relate to academic integrity because any violation of academic integrity is a form of theft and deceit that affects the one stolen from, as well as the community of students and faculty at the college. In addition, cheating is a violation of three of the Ten Commandments: the prohibitions against stealing, lying, and coveting. However, as the Ten Commandments and the totality of Scripture demonstrate to us, we are fallen creatures who at times do what we ought not do.

Accordingly, the college has created a policy both to define what cheating is and to describe our process for dealing with allegations of cheating in order to discourage cheating and provide an opportunity for meaningful repentance and restoration when students do cheat.

Pledge

As a student of Grove City College, I pledge to do my work faithfully with honesty in accordance with my calling as a student working for Christ's glory.

Cheating and Plagiarism may be present in many areas, including (but not limited to) the following:

1. **Doing Papers, Outside Work.** Work done out of class, which a student submits as his/her own work to a professor, should be his/her own and should not contain that which has been obtained from another, other than properly credited references, sources, and citations.
2. **Taking Exams, Tests, Quizzes.** Work done on a test, exam, or quiz, which a student submits to a professor, should be his/her own and should not contain that which has been knowingly obtained from another. By default, no resources are permitted unless explicitly allowed by the instructor.
3. **Preparing for Exams.** A student should not seek to gain an advantage on an exam he/she is about to take by obtaining advanced access to particular questions or advance copies of a professor's exam, or by giving access to other students. This includes access to exams from prior semesters.
4. **Group Work.** In courses where group work or teamwork is allowed, the members of the group may collaborate and share resources among themselves, but not with other groups or prior and subsequent classes.
5. A student should not cooperate with, aid, or encourage another student's violation of the above rules, even though he or she receives no direct benefit. Any student who does so is also guilty of cheating, and can have their grade from current or past semesters (if relevant) reduced.



6. Instructor-Imposed Limitations. Faculty may add (via syllabus, assignment instructions, or verbal instructions) additional rules and limitations pertaining to cheating in their particular discipline, class, and assignment.

Special Note: Plagiarism includes

1. Any direct quotation of another's words, from simple phrasing to longer passages, without using quotation marks and properly citing the source of those words.

2. Any summary or paraphrase of another's ideas without properly citing the source of those ideas.

3. Any information that is not common knowledge—including facts, statistics, graphics, drawings—without proper citation of sources.

4. Any cutting and pasting of verbal or graphic materials from another source and representing as one's own work—including books, databases, web sites, journals, newspapers, etc.—without the proper citation for each of the sources of those materials; this includes any copyrighted artwork, graphics, or photography downloaded from the Internet without proper citation.

5. Any wholesale “borrowing,” theft, or purchasing of another's work and presenting it as one's own, whether from the Internet or from another source.

6. Any presentation of “ghost-written” work including—whether paid for or not—as one's own original work, including papers, computer code, visual artwork, and other forms of written and non-written work.

7. Making one's work available for copying by others, as well as copying work posted on the Internet or otherwise made available by another.

8. Self-citation: you cannot submit the same work for two different classes. If you use part of an earlier work, or ideas from an earlier work, you should reference it, as with any other source.

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.

COVID Policy: Grove City College continues to monitor the COVID-19 outbreak, and we are committed to maintaining a safe and healthy campus community. In order to care for each other, please exercise responsible caution in all academic buildings including in all classrooms, labs, studios, hallways, and restrooms. Additionally, Students showing any symptoms related to COVID-19 (outlined in the Campus Health and Safety Plan) must not attend class. Instead, they should report their condition through the College's COVID-19 portal, work closely with the Office of Student Life and Learning, and not return to class in-person until cleared to do so. During this time, every effort will be made to provide remote learning opportunities. If a



student's name does not appear in the COVID-19 portal, faculty are not required to record their lectures or make any other accommodation to make up missed classes or labs. It is recommended that unvaccinated students wear a mask while attending class. These policies may be modified depending on the pandemic's severity.