

Econ 103

Economic Principles & Problems

Professor Geoff Schneider

Bucknell University, Spring 2013

Adam Smith

Karl Marx

Thorstein Veblen

John Maynard Keynes

PROF. SCHNEIDER'S OFFICE HOURS: M 4-5, T 3-4, TH 4-5 and by appointment.
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TEACHING ASSISTANTS:

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Teaching assistants are available for tutoring, review sessions and help with homework assignments.

Class Meetings

Classes meet on Monday, Wednesday and Friday from 8:00-8:52AM in Coleman 022. An additional session for lectures, films, group projects and exams is scheduled for Wednesdays 7:00-8:52 PM in Trout Auditorium (Vaughan 100). For those people with class conflicts Wednesday evenings alternative arrangements can be made, but only with the permission of Prof. Schneider.

Course Description & Course Objectives

In August of 2011 the Federal Government of the United States nearly defaulted on its debt due to political disputes about how to resolve the major economic challenges facing our country. In the spring of 2013 we will once again face a political crisis over the US debt limit. A default could cause a global financial panic and crushing recession. The fact that politicians were willing to risk a global meltdown in order to get their way underscores the deep ideological divides that are present in current economic debates. Republicans tend to advocate the maintenance of low taxes on the very rich, while pushing for large cuts in social programs such as Social Security, Medicare, and other programs that largely benefit the poor and the middle class. Democrats tend to advocate tax increases on the very rich and small (or no) cuts in existing social programs. Politicians on both sides considered adopting a balanced budget amendment that would require the US government to balance its budget every year, despite the warnings of economists that such a policy would cause recessions to worsen significantly by requiring spending cuts when the economy was at its most vulnerable.

What are the policy options facing economic policymakers and how are these options influenced by political ideology? What policies are most likely to be successful in the modern world according to professional economists (as opposed to politicians)? Is the US government really too large, even though the US has the smallest government (i.e., the smallest percentage of GDP devoted to social programs) of any developed economy? How does the market system really work, and how do government policies affect markets?

This course will provide a comprehensive introduction to microeconomics, macroeconomics, international economics and political economy. It will acquaint you with the prevailing economic theories used by today's policy makers. You will learn to use and apply those theories, as well as to understand their limitations. We will discuss a number of alternative economic theories and perspectives, with the ultimate goal being to increase your awareness and understanding of economic issues, to improve your ability to evaluate various policy options, and to help you decipher political-economic rhetoric. The overall purpose of this course is to acquaint you with basic principles of economic analysis and to engage in a substantive critical analysis of our current global economic system. Since much of economics is concerned with solving the economic problems that exist in society, a significant portion of our time will be devoted to studying what various economists think are the major problems confronting the US economy, and what solutions to these problems economists have to offer.

During the course, we will consider all major economic perspectives, including the central view that markets are a good way to organize the economy but that markets generate certain significant flaws that need to be fixed. We will also consider more radical views, including those of economists that believe that the market system is fatally flawed, and those of economists who believe that markets are so efficient that little or no intervention is necessary.

More specifically, by the end of this course, students should be able to:

- Apply microeconomic and macroeconomic models to analyze economic problems (Econ Department Goal 1, Social Sciences Learning Goals 3, 4);
- Appraise the strengths and limitations of simple economic models (Econ Department Goal 1, Social Sciences Learning Goals 3, 4);
- Explain and assess the views that economists from several different paradigms hold with respect to key economic problems (Econ Department Goals 1, 2, Social Sciences Learning Goal 1); and,
- Describe and analyze the major economic problems confronting contemporary society, and critically evaluate potential solutions to those problems (Econ Department Goals 1, 2, 4, 5, Social Sciences Learning Goals 3, 4).

These goals most closely correspond with the following learning goals that appear on the Bucknell course evaluation (IDEA) form:

2. Learning fundamental principles, generalizations, or theories (Essential).
3. Learning to apply course materials (to improve thinking, problem solving, and decisions) (Essential).
11. Learning to *analyze* and *critically evaluate* ideas, arguments, and points of view (Essential).
1. Gaining factual knowledge (terminology, classifications, methods, trends) (Important).
4. Developing specific skills, competencies, and points of view needed by professionals in the field most closely related to this course (Important).

A General Note About This Class

Economics is a subject that comes easily to some students but is difficult for others. Economic logic and analysis is often hard to grasp, and can only be mastered through perseverance and practice. To facilitate the learning of economics, it is necessary to keep up with readings, work on problem sets, participate actively in discussions, and write thoughtfully about films and current events. I have found that the combination of these approaches to learning economics (reading, analyzing problems, interacting as a class, and writing) helps to improve your understanding of the field as well as your performance on exams.

Each new section in this course builds on previous sections, so it is extremely important that you do not fall behind. Accordingly, the course is structured to help you keep up with the material via daily assignments. This course involves a significant amount of work each and every week, but in my experience the workload is both manageable and necessary for you to get a firm grasp of the material. In general, if you keep up with the course material, you will do well in this course. If you miss assignments and fall behind, you will do poorly.

Bucknell University Honor Code

As a student and citizen of the Bucknell University community:

1. I will not lie, cheat, or steal in my academic endeavors.
2. I will forthrightly oppose each and every instance of academic dishonesty.
3. I will let my conscience guide my decision to communicate directly with any person or persons I believe to have been dishonest in academic work.
4. I will let my conscience guide my decision on reporting breaches of academic integrity to the appropriate faculty or deans.

Bucknell University expectations for academic engagement

Courses at Bucknell have a minimum expectation of 12 hours per week of student academic engagement (including work inside and outside of class). Thus, for this 4-hour class, the expectation is that you will work a minimum of 8 hours per week outside of class.

Texts

1. **Riddell, Shackelford, Stamos and Schneider (RSSS).** *Economics: A Tool for Critically Understanding Society*, 9th Edition. New York, N.Y.: Addison Wesley, 2011.
2. **Sackrey, Schneider and Knoedler (SSK).** *Introduction to Political Economy*, 6th Edition. Somerville, Mass.: Dollars and Sense, 2010.
3. **Moodle Readings:** there will be regular readings posted on course Moodle page (log in to MyBucknell, click on Moodle, click on Econ103). All homework assignments and lecture slides will also be posted on Moodle, as will old exams for you to study from.
4. **The New York Times (digital student subscription).** We will be discussing current economic events throughout the semester. You will be asked to report on important economic news topics on a regular basis, and you will be asked to apply the theories we discuss in class to the economic world around us. I will be sending you links to New York Times articles and subject guides that you cannot access without a subscription, thus it is a class requirement that you subscribe. Visit www.NYTimes.com/CollegeRate to subscribe. Digital subscriptions are only \$.99 a week for the first four weeks and then \$1.88 a week for the rest of the semester.
5. **Email Readings:** as important economic events occur, I may email topical articles to you. You will need to check your email regularly and read the articles I send to you.

There are two main texts for the course, 1) Riddell, Shackelford, Stamos and Schneider (**RSSS**), and 2) Sackrey, Schneider and Knoedler (**SSK**). There are also a number of readings posted on Moodle. The RSSS book lays out the graphs and technical topics we will be studying and outlines the parameters of economic debates. The Moodle readings, the SSK book and the films explore economic issues and debates in greater depth. You should read the relevant passages in your texts **before** we go over the material in class. This will help you immensely in understanding the topics being covered and it will also help to identify the areas you find confusing so that we can spend more time on them in class. Assigned articles and chapters will be used as a basis for discussion in class on the day they are listed.

Grading

Exam 1	23%
Exam 2	23%
Exam 3	23%
Homework Assignments	23%
Professionalism	8%

Research on student learning shows that students learn and retain more if they work regularly to master material and if their work culminates in major assignments that require intensive study and integration of material. Correspondingly, the course is structured so that you have regular, daily homework assignments that will help you acquire the knowledge and expertise you need to be successful on the exams.

Exams (69%): There will be three examinations. On each exam there will be questions where you will have the opportunity to display your understanding of economic models, along with short answer questions where you will offer explanations and explore qualitative issues. Each exam will also feature a long essay question. On the essay questions, I will be looking for your ability to engage in substantive, critical analysis of the films and readings. **The best way to prepare for exams is to go over the homework assignments.** The homework assignments are designed to help you learn the material that you need to know to be successful on the exams. In fact, many of the problems on homework assignments are taken from past exams. The answers to most homework problems will be placed on the course Moodle site so you can study them.

Homework Problems (23%): There will be thirty four (34) daily homework assignments distributed during the course of the semester. Most days that you have class you will have a short assignment that is due in **hard copy at the beginning of class**. You must turn in at least 28 of these 34 assignments. You are allowed to miss up to 6 assignments. **LATE ASSIGNMENTS WILL NOT BE ACCEPTED.** You may turn in more than 28 of the assignments for extra credit.

Extra credit policy: Each homework assignment you turn in after #28 will earn you up to 20 bonus points to be applied towards your homework grade. I will take your score on each extra homework assignment, divide it by 5, and then add that number of points to your homework point total. This means that you can easily bring up your homework average by turning in a few extra assignments, and that you can earn a very high score on your homework grade if you are particularly diligent.

Keep an extra copy of each of your homework assignments to study from.

Because of the volume of assignments, it will often take us at least a week to return materials to you. Make sure that you have an extra copy of each homework assignment to study from.

Professionalism (Class Participation, Attendance, Punctuality, Engagement) (8%).

Class attendance is required. More than one unexcused absence will result in a lower grade in the class. You are expected to come to every class and to participate actively in class discussion on a regular basis. You are also expected to engage in professional behavior at all times. This includes coming to class on time, meeting deadlines, listening respectfully to others, and insuring that you do not disrupt the classroom environment. In class, please make sure that your cell phone is switched off and your laptop is only used for course-related work (if at all). Texting in class is prohibited. Also, please avoid leaving the classroom in the middle of class unless it is an emergency – this can be very distracting for other students and your professor. One of the biggest challenges this semester will be for you to be in your seat, wide awake, with your homework completed and placed on the desk

at the front of the classroom, by 8AM. You will be rewarded for professional behavior with a good grade on the professionalism component of the class.

Current event oral discussion. You are required to visit my office at least once before spring break to discuss a current economic event for 10 minutes. You can do this by yourself or in pairs. Please select an event from the New York Times, and make an appointment with me to discuss the event. Your task is to show that you have put some thought into analyzing the event and how it relates to what we are studying in class.

All items will be graded on the following scale: A: 93-100, A-: 90-92, B+: 87-89, B: 83-86, B-: 80-82, C+: 77-79, C: 73-76, C-: 70-72, D: 60-69, F: 0-59.

Statement on Academic Integrity: Do not, under any circumstances, copy work directly from another student. Any violation of Bucknell's policies on academic responsibility will result in a lower grade and possibly suspension or expulsion. You should familiarize yourself with Bucknell's policies on academic integrity.

Course Calendar

1. W Jan. 16	Introduction
Readings: 1) Syllabus.	
W Jan. 16, 7PM	No Film or required class session; use this time to complete homework #1.
Section I: Economic Approaches, Philosophies and Systems	
The first section of the course addresses the following questions: (1) What is the proper method for studying the economy? (2) What have some of the greatest economic philosophers, Smith, Marx, Veblen, Keynes and Hayek, said about economics? And, (3) What types of economic systems are there in the world today, and how do they differ from each other? In this part of the course it is very important to keep an open mind. All of the perspectives we study have their merits, and you need to appreciate and understand the strengths and weaknesses of each of them. It is also important during this first part of the course to develop your <i>critical analysis</i> . Work on evaluating everything you read, develop your own ideas on each subject, and then support your ideas and opinions with examples, data, and logical analysis. Your essay question on exam 1 will test your ability to assimilate, apply and analyze the key ideas from the first section of the course. The homework assignments during this part of the course will help to prepare you for the essay question by stimulating your critical thinking and prompting you to react to various materials.	
2. F Jan. 18	What is economics? (HW#1)
Readings: 1) RSSS Ch. 1, "Economics as a Social Science." 2) SSK Ch. 1, "Political Economy Challenge." 3) Francis, "Why the rich get the most tax goodies" (Moodle). 4) New York Times (Scott Eells), "Federal Debt Ceiling," http://topics.nytimes.com/topics/reference/timestopics/subjects/n/national_debt_us/index.html	
3. M Jan. 21	Opportunity Costs and Production Possibilities Curves (HW#2)
Readings: 1) RSSS Ch. 6, "Scarcity." 2) Schneider, "PPCs and Increasing Opportunity Costs" (Moodle).	
4. W Jan. 23	Feudalism, Mercantilism, Property and Emergent Capitalism (HW#3)
Readings: 1) RSSS Ch. 2, "The Evolution of Economic Systems." 2) Zinn Ch. 1, "Columbus, The Indians, and Human Progress" (Moodle).	
W Jan. 23, 7PM	Film: Greed with John Stossel (Moodle)
Readings: A Note on the Film Series (see below on your syllabus)	
5. F Jan. 25	Adam Smith and Laissez-Faire (HW#4)
Readings: 1) SSK Ch. 2, "Adam Smith." 2) RSSS Ch. 3, "Adam Smith, Classical Liberalism, and the Division of Labor."	

6. M Jan. 28	Capitalism, Socialism and Karl Marx (HW#5)
Readings: 1) SSK Ch. 3, "Karl Marx." 2) RSSS Ch. 4, "Karl Marx and the Socialist Critique of Capitalism."	
7. W Jan. 30	Social Class (HW#6)
Readings: 1) SSK Ch. 6, "Social Class." 2) Zinn Ch. 2, "Drawing the Color Line" (Moodle).	
W Jan. 30, 7PM	Lecture by Geoff Schneider: Adam Smith and Karl Marx on Capitalism Film: <i>Free Trade Slaves</i> (Moodle)
Readings: 1) Goldberg, "Sweatshop Chic" (Moodle). 2) TBA. Current article(s) on sweatshops.	
8. F Feb. 1	The US Economy, Veblen, & Conspicuous Consumption (HW#7)
Readings: 1) RSSS Ch. 5, pp. 64-70. 2) SSK Ch. 4, "Thorstein Veblen." 3) Peck and Douthat, "Does Money Buy Happiness?" (Moodle).	
9. M Feb. 4	Keynes vs. Hayek: The Rise, Fall & Return of Laissez-Faire (HW#8)
Readings: 1) RSSS, Ch. 5, pp. 70-88. 2) SSK Ch. 5, "John Maynard Keynes." 3) Cassidy, "Hayek Century" (Moodle).	
10. W Feb. 6	Economic Systems (HW#9)
Readings: 1) RSSS, Ch. 22, pp. 550-562. 2) SSK Ch. 9, "The Middle Way: Swedish Social Democracy." 3) TBA. Current article(s) on economic systems.	
W Feb. 6, 7PM	Lecture: Rebecca Skloot, The Immortal Life of Henrietta Lacks
Section II: Supply and Demand The second section of the course develops the supply and demand model that is the cornerstone of modern neoclassical economics. This section is very graph-intensive, and those of you who have difficulty with quantitative analysis and/or working with graphs will need to spend extra time on this material. The key to understanding the supply and demand model is practicing its use. In addition to working through the homework assignments, you should practice on your own or with your fellow students. Just because it makes sense in class does not mean that you know the material well enough to solve problems on your own. If you are able to do the homework assignments without your notes or to design and solve your own supply and demand problems, then you probably have a good understanding of the material. Exam #1 will test your understanding of the supply and demand model as well as the production possibilities model covered earlier in the semester (and, it will feature an essay question on the great economists we studied). Old exams are available on Moodle to help you prepare for this test.	
11. F Feb. 8	Supply (S) and Demand (D)
Readings: 1) RSSS Ch. 7, "Theory of Markets," pp. 104-123.	
12. M Feb. 11	Supply (S) and Demand (D), Continued (HW#10)
Readings: 1) RSSS Ch. 7, pp. 123-125.	
13. W Feb. 13	S & D, Price Supports and Price Ceilings (HW#11)
Readings: 1) RSSS, "Economics of the minimum wage" (pp. 194-195, 199-203). 2) Schneider "Price Ceilings and Floors" (Moodle). 3) Schneider "The Labor Market" (Moodle).	
W Feb. 13, 7PM	Lecture: Chris Magee on Economic Ideology
14. F Feb. 15	Elasticity of Demand and Advertising (HW#12)
Readings: 1) RSSS Ch. 7, pp. 125-131. 2) Schneider, "Excise Taxes and Subsidies" (Moodle). 3) TBA: Current articles on advertising and consumer demand.	
15. M Feb. 18	Additional Applications of Supply and Demand (HW#13) TA Lecture
Readings: 1) RSSS Ch. 7. 2) Schneider, "Elasticity" (Moodle).	
16. W Feb. 20	Review

W Feb. 20, 7-10PM	Exam #1 (Location To Be Announced)
Section III: Theory of the Firm, Market Structures, and Market Failure	
<p>This section of the course explores how firms operate in theory and practice. The graphs and tables used in this part of the course are more difficult than supply and demand graphs, and will require significant practice to master. As before, the key to learning this material is coming to class, reading the book, and then practicing what you have learned on the homework assignments. While the graphs explore how firms work according to neoclassical economic theory, the films, articles and readings explore how firms operate (or have operated) in practice. The segment on market failure will address the key economic question: When and how should firms be regulated? Both the theory and the case studies are crucial for your understanding of this topic. Exam #2 will contain questions which test your ability to understand the theory (including graphs and tables) as well as short answer and essay questions on the readings and films.</p>	
17. F Feb. 22	Implicit & Explicit Costs; Specialization & Diminishing Returns
Readings: 1) RSSS Ch. 8, pp. 133-142.	
18. M Feb. 25	Profit Maximization for the Firm in Perfect Competition
Readings: 1) RSSS Ch. 8, pp. 142-152. 2) Schneider, "Working With Perfect Competition Graphs" (Moodle).	
19. W Feb. 27	Applications of P.C./Perfect Competition in the Long Run (HW#14)
Readings: 1) RSSS Ch. 8, pp. 152-162. 2) TBA, Reading(s) on how Agricultural Markets Work	
W Feb. 27, 7PM	Film: <i>Frontline: Is Wal-Mart Good for America?</i> (Moodle)
20. F Mar. 1	Market Power, Monopoly (HW#15)
Readings: 1) RSSS Ch. 9, pp. 164-174.	
21. M Mar. 4	Regulating Monopoly (HW#16)
Readings: 1) Zinn Ch. 11, "Robber Barons and Rebels" (Moodle). 2) West, "The Truth About Robber Barons" (Moodle). 3) Schneider, "Regulating Natural Monopolies" (Moodle). 4) RSSS, "Regulating Monopolies," pp. 262-264.	
22. W Mar. 6	Non-Competitive Mkts.: Monopolistic Competition & Oligopoly (HW#17)
Readings: 1) RSSS Ch. 9, pp. 174-191. 2) Reading(s) on non-competitive markets and how they work in practice.	
W Mar. 6, 7PM	Film: <i>Split Estate</i> (Moodle)
23. F Mar. 8	Inequality & Poverty; Affirmative Action (HW#18)
Readings: 1) RSSS pp. 203-218, 268-270, 274-284. 2) Medoff, "The Demand for Diversity" (Moodle).	
Spring Break March 9-17	
24. M Mar. 18	Corporations and their behavior; Unions
Readings: 1) RSSS Ch. 11, "Corporations and Labor Unions." 2) Sherrill, "White-Collar Thuggery" (Moodle). 3) Economist, "The Growth Machine" (Moodle). 4) TBA, Reading(s) on current issues regarding corporate behavior.	
25. W Mar. 20	The Economic Role of Government (HW#19)
Readings: 1) RSSS Ch. 12, "The Economic Role of Government."	
W Mar. 20, 7PM	Lecture: David Kristjanson-Gural on Cooperatives
26. F Mar. 22	What is the Proper Role for Government? (HW#20)
Readings: 1) SSK Ch. 7, "Galbraith and Theory of Social Balance." 2) Winston, "Government Failure vs. Market Failure" (Moodle).	

Section IV: Macroeconomics	
This section of the course explores the macroeconomic side of the economy, concentrating on the forces that drive the economy as a whole. You will discover that the macroeconomy operates under somewhat different principles than do most microeconomic markets. It is particularly important to study the nuances of Aggregate Demand and Supply, which is a more complicated model than the microeconomic supply and demand model we saw earlier in the semester. Also, pay close attention to the different macroeconomic schools of thought. There is widespread disagreement about how we should run the macroeconomy, so a significant portion of this part of the course is devoted to macroeconomic policy debates. Exam #3 will be scheduled for the regular final exam time for this course. It will only cover the material after exam #2, and it will contain short answer, graphing, and essay questions.	
27. M Mar. 25	Inflation, GDP (HW#21) Readings: 1) RSSS Ch. 13, "Macroeconomics: Issues and Problems." 2) TBA, Current articles on measures of economic welfare.
28. W Mar. 27	Unemployment & Underemployment; Circular Flow Model (HW#22) Readings: 1) RSSS Ch. 13. 2) TBA, Current articles on unemployment and underemployment.
W Mar. 27, 7PM	<i>Film: Frontline: The Spill</i> (Moodle)
29. F Mar. 29	Aggregate Demand & Supply in the Short Run (HW#23) Readings: 1) Schneider, "Aggregate Demand and Supply" (Moodle). 2) RSSS Ch. 17, pp. 414-425.
30. M Apr. 1	Applications of Aggregate Demand and Supply Readings: 1) Schneider, "Aggregate Demand and Supply" (Moodle). 2) RSSS Ch. 17, pp. 414-425.
31. W Apr. 3	Review
W Apr. 3, 7-10PM	Exam #2
32. F Apr. 5	The Classical & Keynesian Models of the Macroeconomy Readings: 1) RSSS Ch. 14, pp. 313-335, 346-347.
33. M Apr. 8	Aggregate Demand, Aggregate Supply, and the Multiplier (HW#24) Readings: 1) Schneider, "Aggregated Demand, Aggregate Supply and the Multiplier" (Moodle). 2) Budget Principles & Priorities Group Project
34. W Apr. 10	Fiscal Policy & Budget Deficits (HW#25) Readings: 1) RSSS Ch. 15, "Fiscal Policy: Government Spending and Taxation."
W Apr. 10, 7PM	Lecture: Greg Krohn on Federal Budget Deficits
35. F Apr. 12	Money, Banking, and Monetary Policy (HW#26) (TAs) Readings: 1) RSSS Ch. 16, "Financial Markets, Money and Monetary Policy"
36. M Apr. 15	Monetary Policy and Financial Markets (HW#27) Readings: 1) RSSS Ch. 16. 2) Baumol and Blinder, "Financing Corporate Activity" (Moodle). 3) TBA, Current articles on monetary policy.
37. W Apr. 17	Macro Policy Debates I: The Phillips Curve; New Classical & Supply-Side Approaches (HW#28) Readings: 1) RSSS pp. 425- 432, 434-446. 2) Rohlif, "The Activist Nonactivist Debate" (Moodle). 3) Krugman, "Greenspan's Candor" (Moodle).
W Apr. 17, 7PM	<i>Film: Inside Job</i> (Moodle)
38. F Apr. 19	Macro Policy Debates II: Keynesian, Managed Capitalist & Radical Approaches (HW#29) Readings: 1) RSSS, "Spend Me to the Moon," pp. 447-462. 2) SSK Ch. 10, "Mondragon."

Section V: International Economics	
We conclude the semester with a short segment on international economics. This section includes two new models to learn and understand: the Comparative Advantage model and the model of the market for international currency exchange (e.g., the supply and demand for currencies that determines exchange rates). In addition, we will cover debates over the theory of comparative advantage, the effects of international trade and globalization, and the problems surrounding the U.S. trade deficit and balance of payments deficit. This material will be covered on exam #3.	
39. M Apr. 22	Globalization & Comparative Advantage (HW#30) Readings: 1) RSSS Ch. 19, pp. 465-484. 2) TBA, Current articles on globalization issues.
40. W Apr. 24	The Arguments For and Against Unregulated Trade (HW#31) Readings: 1) RSSS Ch. 19, pp. 484-494.
W Apr. 24, 7PM	Film: <i>The Global Banquet: The Politics of Food</i> (Moodle)
41. F Apr. 26	International Finance I: Exchange Rates (HW#32) Readings: 1) RSSS Ch. 20, "International Finance."
42. M Apr. 29	International Finance II: The Balance of Trade & Payments (HW#33) Readings: 1) RSSS Ch. 22 pp. 562-576 and "A Crisis of Capitalism," pp. 578-588.
F May 3	Exam #3 (location TBA)

Note: Some of these readings may change as current events come up. Changes in readings will be listed on the daily homework assignments.

A Note on the Economics 103 Film Series

To begin with, books alone cannot adequately introduce students to the US economic system, nor to the world economy in which it is integrated. Beyond words on a flat page in an open book is a world of sounds, smells, colors, pains and joys, the full expressions of which simply are lost to the printed word. When one discusses the "economy," one refers to the basic fact of human culture: people trying to make a living, often with sound and fury. Thus, we add to the books, and to our discussion in Economics 103, a series of films reminding us that economics is about human beings.

Students in Economics 103 often consider some of these films as "one-sided," or "propagandistic." Propaganda means, generally, the dissemination of ideas from a particular point of view about how the world is, and should be. One reason for this attitude about 103 films is that most are documentaries where, unlike typical commercial films, the film makers' views about the subject are easily identified. Yet, all films, from commercial comedies to sophisticated documentaries, inevitably manipulate the ideas and feelings of the audience, even those whose makers believe their films have no point of view whatsoever. Why? Because film makers typically shoot many, many more hours of film than they end up using in the final cut of their movie. Thus, each frame that makes it into a film is selected only if it helps to tell a unique and specific story, rather than the virtually infinite number of other stories that might have been told with the same footage.

Concerning documentaries first of all, consider hypothetically a film about John F. Kennedy that claims Kennedy was never elected US president. This claim is obviously a blatant falsehood. However, consider (still hypothetically) a second documentary confirming that Kennedy was president but also suggesting that he was more driven personally to make sexual conquests than he was (say) to improve substantially the lot of poor people—an idea for which there is conflicting evidence. This second film does not blatantly lie, but it does interpret the known facts from a particular point of view. And, that is the main point: any documentary or historical film that is not blatantly false necessarily mixes together undisputed facts and disputable interpretations. This is simply intrinsic to film making.

Since commercial films do not call attention to their makers' point of view, we tend to concentrate our attention on their surface details (plot, acting, action, etc.). With our attention focused this way, we ignore at a conscious level the values and beliefs commercial films inevitably encourage, and we can mistakenly consider them works of pure entertainment devoid of a point of view. Take, for instance, most Hollywood films about the American West, where the land, Indians,

cattle, and women are props used to define the character of one-dimensional, tough white guys. Obviously, a strong message is buried beneath the dust and the blood of these films about who is, and should be, in control. Chances are that most people who watch Westerns consider them as harmless entertainment, and they are not likely to worry that they are being influenced to think a particular way about how men should treat the planet, its women and its native populations. However, such films typically disseminate a manipulative, one-sided view of how the world is and should be; that is, they are powerfully propagandistic.

To consider commercial films more closely related to the themes of Economics 103, Hollywood has in the past several decades made countless fictional movies, with such stars as Clint Eastwood, Bruce Willis and Mel Gibson depicting hard boiled detectives shooting and corralling urban bad guys. These films have responded to the public's demand for more law and order in every facet of American life. Yet, such films typically champion the perspective of the police; and more problematic, they almost always focus attention on individual bad guys—mostly bad guys of color—rather than on larger social forces or the powerful individuals who shape them. What happens is that Hollywood creates a simplistic world in which urban crime is solved by heroic cops, rather than by other, greatly more complicated and costly solutions. Think of how often in this kind of film the bad guys are young males, compared to those made which point the finger at older males—such as the managers of major corporations who have eliminated or exported abroad hundreds of thousands of urban jobs, or at politicians who have quit attending to the needs of people in central cities simply because most voters don't live there.

To exemplify some of comments above, consider this semester's second film, “Free Trade Slaves.” This documentary focuses on sweatshop workers, whose wages are so low that they do not have enough to eat. The makers of this film clearly think that the problems of these workers are in part determined by those who manage multinational firms that now dominate the global economy. Thus, the film is in part a negative critique of those managers. No doubt, a film maker who addressed this topic from a “laissez-faire” point of view, such as our first film “Greed,” would have placed the blame somewhere else, such as on misguided government policies or on the workers themselves.

Last, if you conclude that some of the 103 films are one sided, you may only be saying that they are, in fact, films. Beyond that, try to use the films, and especially the ones that sharply disagree with your own views, as a way to ask yourself why you and the film maker sees things so very differently.