

ECO1203: Introduction to Economics

Merrimack College Fall 2018

Section G – Tuesdays and Thursdays 10:00 - 11:15 AM

Section H – Tuesdays and Thursdays 12:00 - 1:15 PM

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Office Hours: Wed 9:00 – 11:30 AM

Tu/Th 9:00 – 9:30 AM

Course Description

This course is an exploration of the way individuals and firms make and act on economic decisions. We consider the factors shaping decisions about producing, buying and selling. We also consider how individual economic decisions affect others.

The course will be divided into a series of units:

1. Introduction to the economic landscape
 - In our market-based societies, the economy affects many aspects of our lives. When we talk about “the economy,” we are really talking about how we produce and distribute the things we need to sustain our lives. In this section, we will gain a broad view of the kinds of questions economists address—questions such as, What do we produce, and how much of it do we make? Who does the work of producing? Who gets the goods?—and the different spheres of the economy.
2. Overview of the theory of markets
 - A market brings together producers with things to sell (the supply side of the market) and consumers who need or want to buy (the demand side of the market). In this section we will take a first, simplified look at each side of the market. Then we will bring the two sides together to ask how producers and consumers interact with one another to negotiate prices.
3. A person’s multiple economic roles: paid work, consumption, and socioeconomic status
 - While you are a student, you most likely already have multiple economic roles. You may have paid work in a retail store for fifteen hours a week and you may also be a consumer buying a concert ticket on Friday night. But what are the factors influencing your wage rates? What determines the price of your ticket and your decision to buy it, or not? Microeconomics helps to explain these factors. It can also help explain much more, such as how the distribution of wealth and income affects one’s socioeconomic status and well-being.
4. Economics and the Environment (the larger context)
 - As environmental issues increasingly pose global challenges, this course introduces the kinds of topics and solutions that microeconomics tackles. In this course we will discover how microeconomics can help us to think clearly, for example, about the economics of pollution, the potential policy actions for addressing climate change, or the injustice of passing environmental crises onto future generations.

5. Firms' behavior in market context: competition and market power
 - Many Americans dream of becoming entrepreneurs and starting their own businesses. Is the economy really dominated by small businesses in perfect competition with each other, as we imagined in the overview of the theory of markets (Unit 2)? Or can you name just a few firms that dominate the market for certain kinds of products? What kinds of economic actors really hold power in the market? In this section, we focus on competition, economic concentration, and market power, and also how these issues also affect workers and consumers.

Learning Goals

Course Goals

- Knowledge and understanding – By the end of the semester you will understand the basics of several schools of economic thought, how they differ from one another and how they relate to one another. You will recognize the economy as a realm of human action shaped by the institutional structures through which it operates. You will understand the interrelated factors that shape economic behavior.
- Skills – Economic theories use both verbal argument and mathematical modeling. You will practice using both sets of skills. You will practice writing logically organized, rigorous verbal arguments and you will practice manipulating and applying mathematical models. (Many of you will find that one is more natural or accessible to you than the other. You will have to engage seriously with both modes of analysis, but I will also present you with enough choices about how you demonstrate what you have learned that you can earn recognition for your strongest work.) You will practice interpreting data to tell an economic story.
- Learn to think critically about economics and current events – While many concepts in microeconomics require some degree of abstraction, learning how to apply these concepts to current events ranging from social issues to environmental problems is equally important. Through exploring a wide range of issue areas, you will be learning how microeconomics applies to concrete, important, and current topics.
- Ultimately, learning is a creative act. You will develop the ability to construct your own economic views, views that will be in accordance with your personal values and experience while also rooted in rigorous theory and the careful use of empirical evidence. This is an ongoing project – you need not leave class in December with a well-articulated economic philosophy, but you should leave with the basis to continue thinking seriously about important economic questions.

Learning Goals for Social Sciences Courses

- Students should understand the relationship between the individual and society from multiple perspectives.
- Students should be able to apply scientific methods to the study of human behavior and social structures.

- Students should be able to evaluate evidence pertaining to human behavior and social structures.

Liberal Studies Core Learning Goals

- **Effective Communication:** The ability to read, write, speak, and listen clearly, purposefully, and appropriately in a range of rhetorical situations.
- **Critical Thinking:** The ability to locate, analyze, integrate, synthesize, and evaluate complex information effectively.
- **Reflective Thinking:** The ability to articulate how, why, and to what purpose one has learned; the ability to learn from one's own experience and to cultivate and direct one's own intellectual, creative, personal and spiritual growth.
- **Ethical Understanding, Reasoning, and Responsibility:** The ability to make decisions guided by a moral and ethical framework, to understand the societal implications and consequences of those decisions, and to accept responsibility for one's self and for one's own actions.
- **Cultural Understanding and Respect for Diversity:** The ability to apply a global perspective to understand, respect, and appreciate the rich diversity of human cultures, experiences and ideas, and the ability to work and communicate effectively in diverse cultures, groups and environments.

Merrimack College Pedagogical Values

This course is offered in support of the academic mission and goals of Merrimack College

- Learning is not just a mental exercise. Learning shapes our lives and actions. *What you learn in this course can inform and empower your participation in addressing the economic challenge of provisioning within the Earth's environmental limits.*
- Learning is an active dialectic/discussion-based pursuit of understanding, not the passive receipt of knowledge. *You will spend class time framing and asking questions of your classmates and of me and answering difficult questions posed by your classmates and by me.*
- Because we learn in interaction with others, community is a locus of learning. *We meet in the classroom to pursue the shared goal of learning together.*
- Good habits can act as building blocks for learning. *I will set high standards and also provide a structure and support for developing the academic skill set you will need to meet those standards – and many of those skills will also help you in other classes and other settings.*

(adapted from <http://www.merrimack.edu/academics/approach/augustinian-pedagogy.php>)

What you will do in pursuit of these learning goals

For this 4-credit course you can expect to devote approximately eight to ten hours of study per week on average over the course of the semester. Two and a half hours are spent in class. Out-of-class work will require a typical student to spend an additional five to eight hours of effort per week on average outside of class. The expectations for your use of time are as follows:

Class time and out-of-class time:

Before class: To prepare for each class meeting, do the assigned reading (or listening or viewing). Required texts are available for purchase in the bookstore. All readings that are not in the required texts will be available through Blackboard.

Practice the skill of active reading. Each reading will be accompanied by several reading response questions. *You are required to submit answers to these questions on Blackboard by the beginning of class.* Your answers will not be graded for accuracy—we meet in class because the material is challenging and we will need to work together to understand it. Instead your answers will be graded pass/fail on the basis of whether you demonstrated a good-faith effort to grapple with the material.

During class: In one form or another, you should expect to be actively engaged in wrestling with economic issues and analytical techniques during class time. It is in the wrestling that learning occurs. I will do my best to align both the out-of-class work and the use of class time with the current best understanding of how we learn. We vary considerably in our learning styles, so each class meeting will make use of several different modes of instruction. No one will find every use of class time equally well-matched to their individual preference, but no one should find every use of class time equally ill-suited, either.

My goal is for our time together in the classroom to reflect the value of learning together in a community. To succeed, I will also need your commitment to this goal. Your full presence (not just your bodily presence) makes an important contribution to your classmates' learning as well as to your own. By enrolling in this course, you are not only making a commitment to the course content, to me, and to yourself; you are also making a commitment to your classmates.

Because each of you is important to your classmates' learning, your attendance is important. As a reflection of the value of your presence, your final grade in the course will be lowered if you are absent frequently or if you are present in body but disengaged from the group, regardless of your performance in other aspects of the course. When an absence is unavoidable, it is your responsibility to (1) tell me as soon as you know you will not be able to attend and (2) give me a brief written explanation when you return to class of how you caught up with what you missed during your absence.

Each class will follow this basic outline:

- Each class will end with an *ungraded* self-quiz. You will answer a few questions on the key points of the class, assess your degree of confidence in your answers, and write a brief plan for how you will follow up to check your answers and improve your understanding. These quizzes will form a bridge to the next class.
- When you return to class the next time we meet, you will be responsible for answering the quiz questions accurately *for a grade*. The graded quiz will be completed on Blackboard in the first few minutes of class time.
- Work on the day's new topics, making use of the reading response questions you submitted on Blackboard before the beginning of class (see above).
- Complete a new *ungraded* self-quiz.

After class: Follow up on the study plan you wrote on your self-quiz. The most successful learning occurs when you are aware of your own learning process and use that awareness to identify your best study strategies. The self-quizzes we do in the last few minutes of each class will give you the opportunity to reflect on the day's topics and your response to those topics. Check your answers using your class notes, reading notes, and any other relevant sources. Be as active as possible in your review. For example, instead of only rereading your notes and writing corrections, test how much you can explain to yourself or to a friend with your book closed. If you study with a partner or group, write new questions for each other.

This class is also supported by Supplemental Instruction (SI) study sessions. In these twice-weekly study sessions, an SI leader will guide active learning strategies for deepening your understanding of course material.

Assessing your learning progress

The reading response questions and daily quizzes will help you to maintain a constant awareness of your own learning progress.

I, too, will practice self-assessment. I will regularly ask you to give me anonymous feedback using a survey that asks the same six broad questions each time:

- At what moment in class since the last survey did you feel most engaged with what was happening?
- At what moment in class since the last survey were you most distanced from what was happening?
- What action that anyone (teacher or student) took this week did you find most affirming or helpful?
- What action that anyone took this week did you find most puzzling or confusing?
- What about the class this week surprised you the most? (This could be something about the content we learned, something about your reaction, something someone else did in class... anything.)
- What questions do you have for me about our use of course time or my expectations for your work?

I will summarize the results of each survey for you and I will use the feedback to inform my preparation for upcoming classes.

Professionalism and participation: No matter the explicit content of your college courses, part of what you will learn is how to successfully participate in a professional setting. The social norms of the classroom may be distinct from the norms you follow in other settings.

Participation takes many forms. You do not have to be a confident, eloquent conversationalist to make a valuable contribution to the class. No matter your participation style, professionalism includes preparing for class by completing all of the listed tasks before you arrive, arriving on time, giving your full attention to the class while it is in session, remaining in the room for the whole class period, and remaining on task while participating in class activities. Professionalism requires self-awareness about your actions and your contributions to the class.

Honesty is also an important component of professionalism; please refer to the Merrimack College Academic Integrity Code, which is available on the Provost's webpage at

http://www.merrimack.edu/about/offices_services/office-of-the-provost/academic-integrity-code.php. Any violation of the academic integrity code will result *at a minimum* in a requirement that you redo the assignment for at most 70% credit. Severe violations may result in a grade of zero for the assignment or a failing grade for the course.

Exams: There will be three in-class closed-book exams during the semester and one cumulative final exam during finals period. Each exam will contain a combination of short answer (e.g. one-sentence answers, fill-in-the-blank, multiple choice) and long answer (e.g. a one- to five-paragraph essay, a multi-step mathematical modeling problem) questions. I will give you detailed guidance beforehand on what to expect on the exams – the purpose of the exams is not to trick or trip you up, but to let you demonstrate what you have learned. You will also have an opportunity to practice the skills tested on the exam beforehand with in-class problem sets and writing assignments, and in Supplemental Instruction study sessions (see above). The in-class exam on which you earn the lowest grade will be weighted half as much as the others in your overall in-class exam average.

If some emergency causes you to miss class the day of the exam, you must be in touch with me as soon as possible to arrange for a make-up.

Academic Accommodations from the Accessibility Services Office: Merrimack College provides reasonable accommodations for students with documented disabilities. Students who have, or think they may have, a disability are invited to contact the Accessibility Services Office via the online request form: www.merrimack.edu/accessibility, email: accessibilityservices@merrimack.edu or by visiting us on the third floor of McQuade Library.

Students are encouraged to contact the office as soon as possible to ensure adequate time to meet and create a plan. Accommodations cannot be made retroactively.

Extra Credit Opportunities: Each in-class exam will be preceded by an in-class review day. On each of those days, you may bring in an extra credit essay. For the essay, you should read an article from *Real World Micro* that was *not* part of the assigned reading but *does* belong to the same chapter as the assigned articles. For example, in Unit 1 we will all read articles 1.1, 1.2, and 1.6 from *Real World Micro* Chapter 1. For extra credit, you could read a different article from Chapter 1. Each chapter introduction includes discussion questions for every article. Write a 200-word response to the discussion question for your chosen article. Your essay can earn you up to a 5-point bonus on the exam grade. *These assignments can only be submitted on the day of the in-class review prior to the exam.*

The Final Grade will offer a snapshot of the progress you have made toward the course learning goals by the end of the semester. It will be calculated as follows:

graded course task	percentage of final grade (out of 100)
Reading response questions	20 (see <i>Before Class</i> on p.3)
Daily recap quizzes	20 (see <i>During Class</i> and <i>After Class</i> on p.4)
Average of three in-class exams	40 (the lowest grade is weighted half as much)
Cumulative final exam	20
Extra credit	Extra credit assignments may earn bonus points on your in-class exams. See above for details.
Grade penalty	Your grade may be lowered for absenteeism or violations of community standards of honesty and cooperation (see <i>During Class</i> and Professionalism and Participation on pp.4-6)

Reading: The textbooks for this course are

- ***Microeconomics in Context 3rd Edition***, by Neva Goodwin, Jonathan Harris, Julie Nelson, Brian Roach, and Mariano Torras. Routledge. ISBN 978-0-7656-3878-6
- ***Real World Micro 24th Edition***, edited by Rob Larson, Alejandro Reuss, Bryan Snyder, and Chris Sturr. Dollars & Sense. ISBN 978-1-939402-31-8
- All other readings will be available as PDF files on Blackboard or as web links.

Planned Calendar

This calendar may be revised as we go. The most up-to-date schedule information will be posted on Blackboard.

Date	Topic, reading, and other tasks
Unit 1: Introduction to the economic landscape	
9-4	First class meeting – Define economics, read MIC Chapter 0, look at graphs together in class
9-6	MIC Chapter Sections <ul style="list-style-type: none"> • 1.1 Our Starting Point • 1.2 The Goals of an Economy • 1.3 The Issues that Define Economics
9-11	MIC Chapter Sections <ul style="list-style-type: none"> • 1.4 Economic Tradeoffs • 1.5 Microeconomics in Context
9-13	MIC Chapter Sections <ul style="list-style-type: none"> • 2.1 The Three Spheres of Economic Activity • 2.2 The Role of Markets RWM Articles <ul style="list-style-type: none"> • 7.6 Folbre “Household Labor, Caring Labor, Unpaid Labor” • 1.6 Barnes “Sharing the Wealth of the Commons”
9-18	MIC Chapter Sections <ul style="list-style-type: none"> • 2.3 Types of Markets

	<ul style="list-style-type: none"> • 2.4 Advantages and Limitations of Markets RWM Articles <ul style="list-style-type: none"> • 1.1 Wolfson “‘Free-Market’ Outcomes Are Not Fair—And Not Free” • 1.2 Tilly “Shaking the Invisible Hand”
9-20	First Review Day
9-25	First Assessment
Unit 2: Overview of the theory of markets	
9-27	MIC Chapter Sections <ul style="list-style-type: none"> • 3.1 Introduction to the Microeconomic Market Model • 3.2 The Theory of Supply RWM Articles <ul style="list-style-type: none"> • 4.1 Reuss “What Are Corporations?” • 4.2 Schneider “If Corporations Are People, What Kind of People Are They?”
10-2	MIC Chapter Sections <ul style="list-style-type: none"> • 3.3 The Theory of Demand • 3.4 The Theory of Market Adjustment RWM Articles <ul style="list-style-type: none"> • 3.1 Scharber “The 800-Pound Ronald McDonald in the Room” • 3.4 Blaskey and Gasper “Campus Struggles Against Sweatshops Continue”
10-4	MIC Chapter Sections <ul style="list-style-type: none"> • 3.5 Topics in Market Analysis RWM Articles <ul style="list-style-type: none"> • 2.1 Breslow “Price Gouging: It’s Just Supply and Demand” • 2.2 Frank “Does Rent Control Hurt Renters?”
Unit 3: A person’s multiple economic roles: paid work, consumption, and socioeconomic status	
10-11	MIC Chapter Sections <ul style="list-style-type: none"> • 7.1 “Economic Understanding of Human Motivations” • 7.2 Economic Behavior • 7.3 Economic Rationality
10-16	MIC Chapter Sections <ul style="list-style-type: none"> • 9.1 Labor in the Traditional Neoclassical Model • 9.2 Labor Supply and Demand at the Market Level • 9.5 Wages and Economic Power RWM Articles <ul style="list-style-type: none"> • 7.3 Fremstad “Working in the ‘Sharing Economy’” • 7.4 Friedman “Dog Walking and College Teaching: The Rise of the Gig Economy”
10-18	MIC Chapter Sections <ul style="list-style-type: none"> • 8.1 Economic Theory and Consumption • 8.3 Consumption in a Social Context RWM Articles <ul style="list-style-type: none"> • 3.6 Schor “The Future of Work, Leisure, and Consumption”

10-23	<p>MIC Chapter Sections</p> <ul style="list-style-type: none"> • 10.1 Defining and Measuring Inequality • 10.2 Data and Trends <p>RWM Articles</p> <ul style="list-style-type: none"> • 8.6 Alperovitz and Daly “The Undeserving Rich”
10-25	<p>MIC Chapter Sections</p> <ul style="list-style-type: none"> • 10.3 Causes and Consequences of Inequality • 10.4 Responding to Inequality <p>RWM Articles</p> <ul style="list-style-type: none"> • 8.7 Friedman “Hunger in Affluent America”
10-30	Second Review Day
11-1	Second Assessment
Unit 4: Economics and the Environment (the larger context)	
11-6	<p>Economics of the Environment Readings</p> <ul style="list-style-type: none"> • Herman Daly, “Economics in a Full World” • In-class short video, “The Story of Stuff”
11-8	<p>MIC Chapter Sections</p> <ul style="list-style-type: none"> • 12.1.1 Negative Externalities in the Supply-and-Demand Model and 12.1.2 Internalizing Negative Externalities • 12.3 Environmental Policies in Practice • 13.1 Common Property Resources • 13.4 Public Goods <p>RWM Articles</p> <ul style="list-style-type: none"> • 6.1 Heinzerling and Ackerman “Pricing the Priceless” • 6.4 Larson “Frackonomics: The Science and Economics of the Gas Boom”
Unit 5: Firms’ behavior in market context: competition and market power	
11-13	<p>MIC Chapter Sections</p> <ul style="list-style-type: none"> • 16 (whole chapter) Markets Without Power
11-15	<p>MIC Chapter Sections</p> <ul style="list-style-type: none"> • 17.1 The Traditional Models • 17.2 Pure Monopoly: One Seller • 17.3 Monopolistic Competition
11-20	<p>MIC Chapter Sections</p> <ul style="list-style-type: none"> • 17.4 Oligopoly • 17.5 Imperfect Competition in Agriculture and Health Care <p>RWM Articles</p> <ul style="list-style-type: none"> • 5.3 Larson “Hopsopoly” • 2.6 Baker “Want Free Trade? Open the Medical and Drug Industry to Competition” • 5.6 Breger Bush “No Friendship in Trade”
11-27	Third Review Day
11-29	Third Assessment

Policy Spotlight: Generational War?	
12-4	RWM Articles <ul style="list-style-type: none"> • 11.2, “Putting the Screws to Generation Screwed” • 11.3 “Why Free Higher Ed Can’t Wait”
12-6	RWM Articles <ul style="list-style-type: none"> • 11.6 “Myths of the Deficit” • 11.7 “Not Just for Future Generations”
Reading Period	
Final Exam	