

# Introduction to Economics

## Economics 100, St. Lawrence University, Fall 2010

### **Instructor:**

M. Garrett Roth

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Office Hours: MWF 9:40 – 10:40 A.M., Hepburn 204 or by appointment

\*\*I will be readily available Monday and Wednesday afternoons just after 1:00 PM but will not schedule a formal office hour during this time.\*\*

**Lecture Schedule:** Section A: MWF 8:30 – 9:30 AM, Hepburn Hall, Room 019  
Section F: MWF 12:00 – 1:00 PM, Hepburn Hall, Room 111

### **Required Texts:**

Heyne, Boettke, and Prychitko. The Economic Way of Thinking. 12<sup>th</sup> Edition. Prentice Hall, 2010.

\*\*If necessary, additional brief readings will be made available via a course webpage.\*\*

### **Description:**

The purpose of this course is to provide an introduction to economics as the study of human action under scarcity. Conflicting individual goals coupled with a scarcity of (some) resources necessitates competition for such resources. Economics focuses on this competition as organized by markets. The concepts of supply and demand follow from the opportunity cost which scarcity creates. Pairing supply with demand in markets effectively coordinates complex human activity through an automatic process of self-correction. As such, prices serve as crucial signals to all market participants. Economic profit and loss serve as additional signals to suppliers, including the entrepreneurs who create new markets.

The flaws in unfettered free markets (both genuine and purported) suggest a need for government intervention through the regulation of competition, externalities, and the provision of public goods. The management of the economy as a whole also necessitates aggregation of individual markets via concepts such as total output, price level, and unemployment level. Such management also (nearly) universally includes government control of the supply of money. The previously listed metrics also allow for some comparison of economic development and success across national economies. Lastly, historical experience informs us of the (non)ability of governments and other institutions to effectively manage a market economy.

### **Components of Final Grade:**

Quizzes (2) – 15% each, tentatively scheduled for September 22<sup>nd</sup> and November 17<sup>th</sup>

Midterm Exam – 35%, tentatively scheduled for October 13<sup>th</sup>

Final Exam – 35%

Auxiliary Factors (as detailed below)

**\*\*Students who enrich the course by actively engaging in discussion will receive a slight boost in their final grade.\*\***

**\*\*I will frequently assign brief homework problems, graded for completion rather than correctness, which are designed to keep students from falling behind in the course material and adequately prepared for upcoming quizzes and exams. Each student may miss two homework assignments with no penalty. Thereafter, .25 points will be deducted from the student's final grade for every two additional missed homeworks.\*\***

Exams will be composed of both computational, quantitative questions **and qualitative, interpretive questions.**

**Major Course Topics:**

- 1) Thinking like an Economist (HBP Chapter 1)
- 2) Production Possibilities and Exchange (HBP Chapter 2)
- 3) Supply and Demand as Opportunity Cost (HBP Chapters 3 and 4)
- 4) Coordinating Supply and Demand via Markets (HBP Chapters 5 and 6)
- 5) Firm Decision-Making: Profit, Loss, and Entrepreneurship (HBP Chapters 7 and 8)
- 6) Competition and Regulation (HBP Chapter 9)
- 7) Externalities and Government (HBP Chapters 10 and 11)
- 8) Economies in Aggregate (HBP Chapter 12)
- 9) Economic Development (HBP Chapter 13)
- 10) The Purpose of Money (HBP Chapter 14)
- 11) Government Intervention in Historical Perspective (HBP Chapter 15)

**\*\*The previous list of topics is subject to be shortened or amended as time and student interest permits.\*\***

The University's policy on academic dishonesty can be found on page 60 of the student handbook: [http://www.stlawu.edu/studentlife/student\\_handbook\\_1011.pdf](http://www.stlawu.edu/studentlife/student_handbook_1011.pdf)