

2014-15

Autumn Term

GES 001

S1: Economy and Economics

モンゴメリー ヘザー A. (MONTGOMERY, HEATHER A.)

COURSE DESCRIPTION ・ 概要:

This course will introduce students to the “economic way of thinking”. Touching on some of the most fundamental theoretical ideas and analytic methods in microeconomics and macroeconomics, this course will show students how the economic world works and how it can be affected by public policies and world events. Along the way, this course aims to improve students’ writing skills, numeracy and computer functionality (see learning goals below) as they relate to economics. By the end of the course, students will understand how the “economic way of thinking” touches various aspects of their lives and problems, issues and questions faced not just in the social sciences, but across the spectrum of the humanities and natural sciences as well.

COURSE LEARNING GOALS ・ 学習目標:

After successfully completing this course, students will:

- ✓ Understand how economic data such as output, economic growth rates, inflation rates and unemployment rates is calculated.
- ✓ Be able to download primary economic data, create a graph and interpret its economic meaning accurately.
- ✓ Be able to write a short paper explaining an economic model or theory using some of the terms and concepts learned in this class.
- ✓ Understand some of the ways in which public policies and world events affect the economy.

CONTENTS ・ 内容:

Macroeconomics

The Data of Macroeconomics

GDP

Inflation

Unemployment

Short-Run Economic Fluctuations

Aggregate Supply and Aggregate Demand

The Influence of Monetary and Fiscal Policy on Aggregate Demand

Microeconomics

How Markets Work

Why do diamonds cost more than water? The market forces of supply & demand.

The “Death Effect” on art prices: Elasticity and Its Application

Is nuclear energy too cheap? Price Floors and Ceilings

Markets and Welfare

Should there be a market for organs? The Efficiency of Markets

Why are Italians known for “*La Dolce Vita*” and Japanese known for “*the Salaryman*?” The Costs of Taxation

The Trans-Pacific Partnership (TPP): What’s all the fuss? International Trade and the Efficiency of Markets

Economics of the Public Sector

Permission to Pollute: Carbon taxes, cap and trade and emissions regulations...

Limiting negative externalities

Should Apple be allowed to patent the rectangle (with rounded corners)? Encouraging positive externalities.

Why the dairy cow will never go extinct... Public Goods

How much is a life worth?

Firm Behavior and the Organization of Industry

Costs of Production

Why does a *Banana Bunker* (バナナまもるくん) cost the same in New York City as it does in Tokyo? From Perfect Competition....

...to Monopoly. Are rare earth metals really rare?

EVALUATION AND GRADING POLICY ・ 成績評価基準 :

Evaluation will be based upon a short paper (30%), a cumulative exam (30%), review quizzes (30%) and participation (10%).

Mid-Term Essay ・ 論文(30%): A five paragraph / two page (250-750 words) paper explaining one of the models we have discussed in class will count toward 30% of the final grade. Details on the essay will be distributed separately.

Final Exam ・ 期末テスト(30%): A cumulative exam will count toward 30% of the final grade. Exam content will be similar to the quizzes in that it will ask students to apply concepts studied to new situations.

Quizzes ・ 小テスト(30%): A review quiz will be given at the start of class on most days that we meet. I aim to make the quizzes a basic review of fundamental concepts and allow students to take them “open book”, meaning students may use the textbook, class notes, dictionaries, calculators and other study aids.. In most cases, the quizzes are simply graded pass or fail, with even an incorrect answer counted as “passing” as long as it reflects some effort. However, if the quiz is given at the start of class, students who come late may not submit a quiz and will receive a 0 for that day.

Participation ・ 従業への参加(10%): Participation includes contribution to in-class discussions of current events and working through the course material together. Participation is also generally graded pass/fail, meaning comments are not graded based on quality. Students are encouraged to contribute to discussion at every class meetings. To get full credit for participation, I suggest students force themselves to participate in discussion at least 3 times throughout the term.

REFERENCE BOOKS ・ 参考文献:

One of the best general introductions to economics is Gregory Mankiw's Essentials of Economics. The text is not required for the course, but I think students will find it very helpful during the course and afterwards as a reference. Some copies will be available in the ICU bookstore for those students wishing to purchase it. There is also one copy available in the ICU library (call number 331/Ma44e). Although this exact title is not available in Japanese, most of the content is covered in マンキュー入門経済学、第1版、2008、東洋経済新報社.

NOTE ・ 注意事項:

COURSE SCHEDULE ・ コーススケジュール:

1/M,W,F

H-304

Contact Address

montgomery@icu.ac.jp

Office hours are M,W/5 (3:20-4:20), or by appointment, in ERB-239

COURSE OUTLINE AND TENTATIVE SCHEDULE (subject to change)

Date	Topic and Required Reading
<p>Mon 9/8 Wed 9/10 Fri 9/12</p>	<p>I. INTRODCUTION Ten Principles of Economics (Guest Lecture by Mr. Kregg Johnston Thursday, September 12) <u>Recommended Reading:</u> Mankiw, N. Gregory (2008) <i>Ten Principles of Economics</i>, Chapter 1 of <u>Essentials of Economics</u>, pp. 3-17. & II. THE DATA OF MACROECONOMICS The data of Macroeconomics: GDP <u>Recommended Reading:</u> Mankiw, N. Gregory (2008) <i>Measuring a Nation's Income</i>, Chapter 15 of <u>Essentials of Economics</u>, pp. 323-344.</p>
<p>Mon 9/15* Wed 9/17 Fri 9/19</p>	<p>The data of Macroeconomics: Inflation <u>Recommended Reading:</u> Mankiw, N. Gregory (2008) <i>Measuring the Cost of Living</i>, Chapter 16 of <u>Essentials of Economics</u>, pp. 345-362. & The data of Macroeconomics: Unemployment <u>Recommended Reading:</u> Mankiw, N. Gregory (2008) <i>Unemployment</i>, Chapter 20 of <u>Essentials of Economics</u>, pp. 429-454.</p>
<p>Mon 9/22 Wed 9/24 Fri 9/26</p>	<p>III. SHORT-RUN ECONOMIC FLUCTUATIONS Aggregate Supply and Aggregate Demand <u>Recommended Reading:</u> Mankiw, N. Gregory (2008) <i>Aggregate Demand and Aggregate Supply</i>, Chapter 23 of <u>Essentials of Economics</u>, pp. 507-544. & The Influence of Monetary and Fiscal Policy on Aggregate Demand <u>Recommended Reading:</u> Mankiw, N. Gregory (2008) <i>The Influence of Monetary and Fiscal Policy on Aggregate Demand</i>, Chapter 24 of <u>Essentials of Economics</u>, pp. 545-568.</p>
<p>Mon 9/29</p>	<p>IV. HOW MARKETS WORK Why do diamonds cost more than water?</p>

<p>Wed 10/1 Fri 10/3</p>	<p>The market forces of Supply and Demand <u>Recommended Reading:</u> Mankiw, N. Gregory (2008) <i>The Market Forces of Supply and Demand</i>, Chapter 4 of <u>Essentials of Economics</u>, pp. 65-88. & The "Death Effect" on Art Prices: Elasticity and Its Application <u>Recommended Reading:</u> Mankiw, N. Gregory (2008) <i>Elasticity and Its Application</i>, Chapter 5 of <u>Essentials of Economics</u>, pp. 89-11.</p>
<p>Mon 10/6 Wed 10/8 Fri 10/10</p>	<p>Is nuclear energy too cheap? Price Floors and Ceilings <u>Recommended Reading:</u> Mankiw, N. Gregory (2008) <i>Supply, Demand and Government Policies</i>, Chapter 6 of <u>Essentials of Economics</u>, pp. 113-134. & V. MARKETS AND WELFARE Should there be a market for organs? The Efficiency of Markets <u>Recommended Reading:</u> Mankiw, N. Gregory (2008) <i>Consumers, Producers and the Efficiency of Markets</i>, Chapter 7 of <u>Essentials of Economics</u>, pp. 137-158.</p>
<p>Mon 10/13* Wed 10/15 Fri 10/17</p>	<p>Why are Italians known for "La Dolce Vita" and Japanese known for "the Salaryman"? The Costs of Taxation <u>Recommended Reading:</u> Mankiw, N. Gregory (2008) <i>Application: The Costs of Taxation</i>, Chapter 8 of <u>Essentials of Economics</u>, pp. 159-176. & The Trans-Pacific Partnership (TPP): What's all the Fuss? International Trade and the Efficiency of Markets <u>Recommended Reading:</u> Mankiw, N. Gregory (2008) <i>Application: International Trade</i>, Chapter 9 of <u>Essentials of Economics</u>, pp. 177-200.</p>
<p>Mon 10/20 Wed 10/22</p>	<p>VI. THE ECONOMICS OF THE PUBLIC SECTOR Externalities, Positive and Negative Permission to Pollute: Carbon taxes, cap and trade and emissions regulations Should Apple be able to patent the rectangle (with rounded edges)? &</p>

<p>No Class Fri 10/24</p>	<p>The Economics of the Public Sector: Externalities (Guest Lecture by Dr. Prajakta Khare Thursday, October 10) <u>Recommended Reading:</u> Mankiw, N. Gregory (2008) <i>Externalities</i>, Chapter 10 of <u>Essentials of Economics</u>, pp. 203-224.</p>
<p>No Class Mon 10/27 Wed 10/29 Fri 10/31</p>	<p>Public Goods & Common Resources 1. The Best Things in Life are Free.... / Why the dairy cow will never go extinct 2. Why private markets don't provide national defense 3. How Much is a Life Worth? <u>Recommended Reading:</u> Mankiw, N. Gregory (2008) <i>Public Goods</i>, Chapter 11 of <u>Essentials of Economics</u>, pp. 225-240. & VII. FIRM BEHAVIOR AND THE ORGANIZATION OF INDUSTRY Costs of Production <u>Recommended Reading:</u> Mankiw, N. Gregory (2008) <i>The Costs of Production</i>, Chapter 12 of <u>Essentials of Economics</u>, pp. 243-264.</p>
<p>No Class Mon 11/3 Wed 11/5 Fri 11/7</p>	<p>Why does a Banana Bunker (バナナまもるくん) cost exactly the same in New York City as it does in Tokyo? From perfect competition... <u>Recommended Reading:</u> Mankiw, N. Gregory (2008) <i>Firms in Competitive Markets</i>, Chapter 13 of <u>Essentials of Economics</u>, pp. 265-286. & ... to Monopoly Are rare earth metals really rare? <u>Recommended Reading:</u> Mankiw, N. Gregory (2008) <i>Monopoly</i>, Chapter 14 of <u>Essentials of Economics</u>, pp. 287-320.</p>
<p>Mon 11/10</p>	
<p>Wed 11/12</p>	<p>Make-up Class during Reading Period (TBA)</p>

“Reading period” (a day or two with no classes before the final exam period begins) this term is Wednesday, November 12 and Thursday, November 13.

The final exam for this course will be scheduled by the university administration during exam period, Friday, November 14 – Thursday, November 20.