

**Economics 110: Economics through Experiments  
Interim 2001**  
**Professor Anthony D. Becker**  
**Monday, Wednesday, and Thursday: 10:40-12:00 and 1:00-3:00**  
**Holland 302**

Where to find me:	Office	Holland Hall 414-C (one floor above entry)
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Course Information:	WWW	<a href="http://usgrant.net160.stolaf.edu/classes/econ110/">http://usgrant.net160.stolaf.edu/classes/econ110/</a> or, from my homepage, click "Class Materials," then click "Economics 110." This material is only accessible from on-campus location.
Office Hours	Monday & Thursday	3:00 – 4:30
	Tuesday	8:30 – 10:00
	Other days	by appointment

### ***Introduction***

*Economics through Experiments* is a first course in economic analysis that approaches the standard topics through the use of experiments, simulations, and direct observation. It is one of our department's "Gateways to Economics" courses and satisfies the prerequisites for Level II economics courses and intermediate theory courses. The course presumes no preparation beyond algebraic and graphical proficiency.

The course is divided into two large, distinct sections called "microeconomics" and "macroeconomics." We will have a smaller (one-day) introductory section to begin with. In microeconomics (a.k.a. "micro") we study the effects of economic changes and policies on individuals or small groups, usually within the context of a "market." A market is an economist's word for "a way that people exchange goods (products) or services for money or for other goods or services." Macroeconomics (a.k.a. "macro") is concerned with the effects of economic events and policies on the economy as a whole (aggregate economic activity): growth, inflation, interest rates, unemployment, and income distribution.

### ***Text and Other Materials***

The books for the course are:

Rohlf, William D., Jr. (1999). *Introduction to Economic Reasoning* 4<sup>th</sup> edition.  
Reading, Mass.: Addison-Wesley.

Bergstrom, Theodore C. and John H. Miller (2000). *Experiments with Economic Principles: Microeconomics* 2<sup>nd</sup> edition. Boston, Mass.: Irwin McGraw-Hill.

"Rohlf" is our basic textbook for this course. I hope you will find it both informative and approachable. "Bergstrom and Miller" contains additional readings and experiments for the microeconomic topics we will study.

There is a Web page for the class on which I will place your assignments, course materials, and research resources. You can access it directly or through the "Class Materials" link on my homepage. Or, you may access it directly at:

<http://usgrant.net160.stolaf.edu/classes/econ110/>

If you are uncomfortable or unfamiliar with using Netscape on the Macs or PCs, please either (1) see me or (2) sign up for a seminar with the Academic Computer Center.

You will be notified about additions to the page via e-mail. The e-mail address for the class is economics-110@stolaf.edu.

### ***Evaluation***

You will be evaluated on the basis of two exams, your laboratory write-ups, and class participation.

<b><i>Item</i></b>	<b><i>Points</i></b>	<b><i>When</i></b>
Exam 1	100	Thursday, January 18 <sup>th</sup>
Exam 2	100	Tuesday, January 30 <sup>th</sup>
Lab Write-ups	200	Through the term
Participation	100	-
<b><i>Total</i></b>	<b><i>500</i></b>	

The exams will include problems and essay questions drawn from the readings in Rohlf and *Experiments* and from our laboratory exercises. My web site includes quizzes and exams from the last several semesters of Econ 121 (Principles of Economics) that cover the same concepts. There are answers for most of the quizzes, though not for the exams. These are good practice materials for the exams in this class.

Each experiment or simulation will entail in-class participation and observation. Then, you will compile your observations in a coherent form in a laboratory notebook. Guides and outlines will be provided to help you in this. Lab notebooks will be collected and graded periodically to help you keep on track.

## Materials

In addition to the texts, you will also need a separate notebook in which to compile your lab write-ups. This should be a loose-leaf notebook. Purchase some graph paper of whatever type you like (blue, green, English, metric, etc.). Bring your notebook, pencils, and erasers to every class. From time to time, you may need a calculator and colored pencils wouldn't hurt.<sup>1</sup>

## Term Outline

(B&M = Bergstrom and Miller)

Day	Description	Rohlf	Experiments
Wednesday the 3 <sup>rd</sup>	Introduction	1	PPF (handout) B&M: 13
Thursday the 4 <sup>th</sup>	Supply and Demand	2, 3	B&M: 1, 2
Monday the 8 <sup>th</sup>	Supply and Demand Elasticity	4	B&M: 3, 5
Wednesday the 10 <sup>th</sup>	Production and Profit Maximization Competition	5, 6	B&M: 10, 8
Thursday the 11 <sup>th</sup>	Monopoly	7	Tomato Market (handout) B&M:7
Monday the 15 <sup>th</sup>	Imperfect Competition Evolution of Cooperation (handout) Oligopoly and Collusion	7	Prisoner's Dilemma (handout) Collusive Agreements <sup>2</sup>
Wednesday the 17 <sup>th</sup>	Public Policy Topics	8, 9	B&M: 6, 4 Public Goods <sup>3</sup>
Thursday the 18 <sup>th</sup>	Mergers (morning) Midterm (afternoon)	8	Concentration (handout)
Monday the 22 <sup>nd</sup>	Introduction to Macroeconomics	10	Circular Flow <sup>4</sup> Unemployment <sup>5</sup>

<sup>1</sup> That is, it wouldn't hurt to own them. It would hurt if you were to stick them into one of your lab partners, even a little, so please don't.

<sup>2</sup> Ortmann, Andreas and David Colander. *Experiments in Teaching and in Understanding Economics*. Burr Ridge, IL: Irwin, 1995.

<sup>3</sup> Holt, Charles A. and Susan K. Laury. "Classroom Games: Voluntary Provision of a Public Good." *Journal of Economic Perspectives*, 11(4), Fall 1997, pp. 209-215.

<sup>4</sup> Goeree, Jacob K. and Charles A. Holt. "Employment and Prices in a Simple Macroeconomy." *Southern Economic Journal*, 65(3), January 1999, pp 637-647.

<sup>5</sup> Hauptert, Michael J. "Labor Market Experiment." *Journal of Economic Education*, 27(4), Fall 1996a, pp. 300-308.

Wednesday the 24 <sup>th</sup>	Aggregate Supply & Aggregate Demand	11, 12, 13	Macroeconomic Equilibrium I <sup>6</sup> Macroeconomic Equilibrium II (handout)
Thursday the 25 <sup>th</sup>	Money and Monetary Policy	15	Parker Bros. Monopoly (handout) Federal Reserve Simulation (handout)
Monday the 29 <sup>th</sup>	Social Policy and Income Distribution	–	A Rawlsian "Veil of Ignorance" (handout) Pareto Optimality <sup>7</sup>
Tuesday the 30 <sup>th</sup>	Review (morning) Final Exam (afternoon)		

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<sup>6</sup> Benson, Charles S. Jr, and Tesa Stegner. "An Aggregate Demand Driven Macroeconomic Equilibrium Experiment." *Classroom Experiments*, 6(2), Fall 1997, pp. 5-8.

<sup>7</sup> Peterson, Ken. "Equity and Efficiency in a Game." *Classroom Experiments*, 4(1), Spring 1995, pp. 1-2