

Fall 2017



ECON 474-001: Recent Economic Thought
TR 11-12:15, Military Sciences 200

Instructor

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Office hours: Mon 10am-noon, Thurs 12:30pm-1:30pm, or by appointment

Canvas website: <https://colostate.instructure.com/courses/54542>

Course description

Economic theory is constantly evolving. This class covers the most important developments in economic thought over the past sixty years. We begin with an old idea: Adam Smith's famous doctrine of the "invisible hand," the formalization of which has been one of the major accomplishments 20th century economics, and which forms the core of neoclassical theory. The remainder of the course considers a number of cases in which the invisible hand doctrine proves insufficient in explaining economic outcomes, and studies the economic theories and methods of analysis that have been developed to help understand those cases.

Course objectives

By the end of the semester, students should be able to:

- Comprehend the core tenants of neoclassical economics, including equilibrium, utility-maximization, and Pareto efficiency
- Apply game theory models to analyze strategic interactions, and to understand the role of human behavior in such interactions
- Summarize and critique the core theories and evidence regarding the economics of groups, discrimination, and inequality
- Debate economic ideas in class and in writing

Prerequisites

- Econ 304 – Intermediate Microeconomics
- Econ 306 – Intermediate Macroeconomics

Course Materials

- Kaushik Basu, *Beyond the Invisible Hand* (2011).
- All other readings will be provided digitally via Canvas

Course Website

- <https://canvas.colostate.edu>

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Weekly course structure

- We will cover one topic per week, following the schedule below. Readings for each week should be completed prior to the start of class on Tuesday.
- Classes will be a mix of presentation by the instructor, class discussion, and in-class work on problems or models.

Coursework

- Midterm exam: 100 points
- Final exam: 100 points
- Paper: 50 points
- Lead class discussion: 30 points
- Class participation: 20 points
 - Total: 300 points

Grading

290-300 points: A+	280-289.99: A	270-279.99: A-
260-269.99: B+	250-259.99: B	240-249.99: B-
230-239.99: C+	210-229.99: C	180-209.99-: D
<180: F		

Assignment details

1. Midterm exam: 100 points
 - The midterm will be in-class, lasting 75 minutes.
 - You will be allowed one sheet, front and back, of hand-written notes.
 - Exams will be a mix of short answer, solving models, and analytical essays designed to test not only your recall of important material but also your ability to apply techniques, think critically, and make critiques and comparisons.
2. Final exam: 100 points
 - The final exam is **Tuesday, Dec 12 from 9:40am to 11:40am** in our usual classroom. You will have the full two hours.
 - Exam structure is otherwise the same as the midterm.
3. Paper: 50 points
 - This is an open-ended term paper which will allow you to expand on, critique, and/or apply one or more theory or model presented in class – a formal assignment will be given during the semester
 - The paper will be worth 40 points; your in-class presentation will be worth 10 points
4. Prepare for and help lead class discussion: 30 points
 - Part 1: By 11am on **Monday** (24 hours before class) of your assigned week, submit by email a 3-4 page write-up summarizing the week's readings, highlighting elements you find particularly relevant, surprising, confusing,

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and/or that connect with other content we've covered. Include *two* questions for class discussion (20 points).

- Part 2: In class on both Tuesday and Thursday, participate actively and help guide class discussion, clarify difficult aspects of the reading, and otherwise contribute productively (10 points).

5. Class participation: 20 points

- You are expected to contribute at least once per class discussion, either by responding to or asking a valuable question.
- If we are working on a problem or model in class, you will be expected to demonstrate that you are working constructively on the assignment.

Makeups, missing assignment, and regrade policy

- Makeup exams will be allowed only in cases of documented medical or family emergencies or conflicts with University sanctioned activities and generally these need to be made up prior to the actual deadline, with rare exception.
- Late assignments will be marked down 10% per day late.
- Missed class participation points can be made up *within the week* by attending office hours and/or by emailing me two questions or insights about the week's reading
 - This option is limited to twice per semester; further absences will hurt your grade. Exceptions will be made for university-sanctioned events and/or religious observances, in accordance with CSU academic policy.
- Any regrade request must be made within two weeks of the assignment being handed back. All grades (with the exception of the final) will be locked in and no regrade requests will be honored after May 12th.

Weekly course time estimates

- Attend class: 3 hours
- Complete assigned readings: 3 hours
- Study for exams: 1.5 hours
- Work on term paper: 1.5 hours
 - Total: 9 hours

Academic Integrity

We take academic integrity seriously. At minimum, academic integrity means that no one will use another's work as their own. The CSU writing center defines plagiarism this way:

"Plagiarism is the unauthorized or unacknowledged use of another person's academic or scholarly work. Done on purpose, it is cheating. Done accidentally, it is no less serious. Regardless of how it occurs, plagiarism is a theft of intellectual property and a violation of an ironclad rule demanding credit be given where credit is due."

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—Writing Guides: Understanding Plagiarism.

<http://writing.colostate.edu/guides/researchsources/understandingplagiarism>

Academic Dishonesty could result in expulsion from the university. This course will adhere to the CSU Academic Integrity [Policies and Guiding Principles](#) as found in the General Catalog and the [Student Conduct Code](#). At a minimum, violations will result in a grading penalty in this course and a report to the Office of Conflict Resolution and Student Conduct Services. Of course, academic integrity means more than just avoiding plagiarism and cheating. It also involves doing your own reading and studying. It includes class attendance, careful consideration of all class materials, and engagement with the class and your fellow students.

CSU HONOR PLEDGE

Academic integrity lies at the core of our common goal: to create an intellectually honest and rigorous community. Because academic integrity, and the personal and social integrity of which academic integrity is an integral part, is so central to our mission as students, teachers, scholars and citizens, I will ask that you affirm the CSU Honor Pledge as part of completing your work in this course. Each exam and assignment you submit, you will be required to affirm the following statement:

"I have not given, received, or used any unauthorized assistance."

Further information about Academic Integrity is available at CSU's [Practicing Academic Integrity](#) <http://learning.colostate.edu/integrity/index.cfm>.

Department statement on copyright

Please do not share material from this course in online, print or other media. Course material is the property of the instructor who developed the course. Materials authored by third parties and used in the course are also subject to copyright protections. Posting course materials on external sites (commercial or not) violates both copyright law and the CSU Student Conduct Code. Students who share course content without the instructor's express permission, including with online sites that post materials to sell to other students, could face disciplinary or legal action.

Accommodations

Students with disabilities may be eligible for accommodations in accordance with Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act. It is the student's responsibility to disclose any learning disabilities. Please contact the instructor if a special accommodation is required. To request accommodations, students should contact Resources for Disabled Students at (970) 491-6385 or go to <http://rds.colostate.edu>. Documentation of disability is required and the RDS office will assist in this.

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Course schedule

Week	Class dates	Topic	Readings/Assignments
1	Aug 22 & 24	Efficiency & The Invisible Hand 1 - the market mechanism	Heilbroner, p. 74-86; Smith, Book IV Ch. 2, I.V.2.1-9
2	Aug 29 & 31	Efficiency & The Invisible Hand 2 - limits to the Invisible Hand theorem	Basu Ch. 1 and 2
3	Sept 5 & 7	Efficiency & The Invisible Hand 3- limits to the Invisible Hand theorem cont.	Basu Ch. 3
4	Sept 12 & 14	Interaction & Behavior 1 - game theory basics	Turocy and von Stengel (2001) p. 4-28
5	Sept 19 & 21	Interaction & Behavior 2 - games of imperfect information	Turocy and von Stengel (2001) p. 29-33; Bowles (2004) p. 299-330
6	Sept 26 & 28	Interaction & Behavior 3 - game theory and government policy	Basu Ch. 4
7	Oct 3 & 5	Interaction & Behavior 4 - behavioral economics	Goeree and Holt (2001) p. 1-39; Kahneman (1979) p. 1-30
8	Oct 10 & 12	Midterm exam 10/12	-
9	Oct 17 & 19	Groups, Discrimination & Inequality 1 - discrimination	Basu Ch. 5
10	Oct 24 & 26	Groups, Discrimination & Inequality 2 - groups	Basu Ch. 6
11	Oct 31 & Nov 2	Groups, Discrimination & Inequality 3 - inequality	Galbraith (2016) p. 58-89, 112-122
12	Nov 7 & 9	Lingering Questions 1 - the importance of information	Stiglitz (2001) p. 472-474, 482-515; Bunten et al. (2015) p. 560-584
13	Nov 14 & 16	Lingering Questions 2 - property rights, economies of scale, and the commons	Rifkin (2014); Romer (2002) p. 212-216; Barnes (2003)
-	Nov 21 & 23	Fall break	-
14	Nov 28 & 30	Paper presentations	-
15	Dec 5 & 7	Paper presentations	-
Finals		Tues 12/12, 9:40 am	

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