

Dorothea K Herreiner

Honors 105.1: Wealth of Nations

Spring 2010, UNH 1226, TR 1:35-2:50pm

SYLLABUS

This course provides an introduction to economics thinking and analysis and applies it to the art market. The class is organized around a thorough analysis of the art market, the decisions its participants make, the players and institutions that shape the art market (like artists, collectors, auction houses, museum, dealers, etc.), and the differences between art markets and markets for other goods. Explorations of the art market will be based on a variety of class activities ranging from lectures providing the theoretical analysis, interactive games and in-class exercises, discussions based on the readings, and visits to several art institutions. Usually, every week, one class, or substantial sections of both classes are devoted to lectures covering the basic concept. You have to take careful notes during those sections because we are not using a textbook.

In analyzing the art market, the course covers the core concepts of an introductory microeconomics class (Econ 110, and counts as such, if requested). Economics as a science characterizes, analyzes, and predicts how individuals make choices under scarcity. Microeconomics is concerned with understanding the behavior of individuals in a market system; individuals make choices and they do so under the constraint of scarce resources. Microeconomic topics covered in the course are among others opportunity cost, supply and demand, elasticities, optimal consumption and production decisions perfect and imperfect competition, and market failures. Some macroeconomic concepts will be introduced in class too.

Students will get a thorough understanding of how markets work and what institutions matter for markets. They will understand what determines the value of goods, in particular art, and how to analyze behavior from an economics point of view. They will learn to think analytically, and to use both verbal and quantitative tools to solve practical real-world problems.

The class has no prerequisites beyond *curiosity* paired with an *open mind* and *active class participation*, and also the *ability* and *willingness* to *think, read, write* and do a bit of *arithmetic*.

There is no textbook for this class. **Reading** will be available on Ereserves (password WealthOfNations), on blackboard and/or handed out in class. I will be announcing the readings for the next and following classes at the end of each class (ask if you are not clear) – an up-to-date reading list will be available on Blackboard. You are expected to complete assigned readings *before* you attend class. We will be discussing various aspects of the readings in class, so make sure you bring the texts along.

Handouts, worksheets and other related material will be available on Blackboard.

Class attendance is *mandatory*. Attendance and participation are part of your grade. I will take attendance at the beginning of every class. Make sure you let me know at the beginning of the semester if you are going to miss classes because of required **athletic activities** by providing a detailed written schedule. I also expect you to remind me every time you have to miss a class the class before and to discuss with me how to best study the material on your own.

I have extended **office hours** (see footer) – make use of them. If you want to make sure I know who you are, then it is a good idea to come by my office hours during the *first two weeks* of class for a chat. I am always happy to help – be it that you have a question about class material, do not understand a reading or a theoretical concept, or you want to discuss something beyond what we did in class. I enjoy meeting with you and I enjoy helping you learn and understand. If you cannot make it during my office hours, send me an email with your questions or ask me for an appointment at a different time – I will tell you what times are available and happily meet with you at a mutually agreeable time if you send me a confirmation email on time.

I do not re-lecture in my office if you miss a class, it is your responsibility to figure out what we covered by consulting the available online material and by talking to your peers.

Please get in touch with me if you have any concerns about your performance or any other aspect of the class. Do not delay talking to me – I can fix or help with a problem only if I know about it.

We will be using some basic **mathematical tools** on a very regular basis. I will use basic algebra (solving equations) and functions (slope, intercept), as well as fractions and percentages. If you have difficulties with any of these concepts then you should get in touch with the Learning Resource Center right away; I suggest you do that also if you only vaguely remember these concepts. Please also get in touch with me and let me know of your difficulties – only then do I have a chance to help you. Do not wait until you get a bad grade on an exam. The homework assignment of the first week includes various math problems. If you have difficulties with any of these problems successfully, come and see me.

Your **grade** in this class will be based on

- class participation 15%
- reaction papers 20%
- problem sets (each 5%) 15%
- class trips (each 5%) 10%
- exams (each 15%) 30 %
- final paper 15%
- subject pool 5%

If you do all three class trips and the associated work, this give you an extra credit opportunity of 5%.

Your class participation takes into account your class contributions (quality and quantity), your attendance, and your classroom etiquette (see below). 5% of your grade, will be based on participating in a Economics Subject Pool – a one-hour commitment during which you participate in an ongoing economics research project. You will have a choice of several time slots. I will be giving you details about how to sign up for this activity at a later point.

I will assign numerical grades (0-100%) to everything. At the end of the term, I will convert numerical averages into letter grades with appropriate +/- according to the standard scale; A: 90-100%, B: 80-89%, C: 70-79%, D: 60-69%, F: <60. On rare occasions, I may minimally adjust this scale for all students uniformly to their advantage.

There will be 4 **problem sets**, of which I will count the three best. These problem sets are tentatively due on 02/11, 03/03, 04/08 and 04/30. You are welcome to work in groups of two and hand in one answer for both. You are also welcome to discuss problems with others, but you (or your group) must hand in your own worked-out solution. Provide explanations, write legibly, plot carefully, and show your work.

Your **midterm exam** will be on **Mar 4** during regular class hours. Your **final exam** is due on **May 6 at 11 am**. I will take a weight of 5% off your weaker exam. Your final paper is due on at our final exam time: Wednesday, May 6, 2pm in my office. There will be individual deadlines tentatively scheduled as: thesis/topic + 1-2 paragraphs of outline: Mar 25, a bibliography: Apr 6, and a complete first draft of the paper Apr 20. Your first draft will count 1/3 of the final paper grade.

This class will be going on 3 class trips, exact times TBD. Tentatively, the classes are planned Friday afternoons and Saturday. We will discuss these times very soon (I need to hear back from the institutions we want to visit).

You have to notify me of any accommodations for disabilities you get at the beginning of the semester by providing me with the written documentation released by the Learning Resources Center (the LRC does *not* notify me). You also have to discuss the particular arrangements for *each* exam at the latest *a week before* an exam – it is your responsibility to approach me with that. If you fail to do so, then you will take the exam with everybody else at the same conditions as everybody else.

If you have to miss a midterm exam for a scheduled university-sponsored and required activity, you will have to provide written proof and contact me *at least 2 weeks before the exam* to set up an *earlier* exam time. Such an earlier exam may ask different questions and emphasize other aspects of the relevant material than the regular exam. Otherwise there are no make-up exams. In *documented* cases of a serious family emergency or grave medical illness, I will shift the missed midterm's weight to the other midterm and the final exam. If you do not follow these rules, you will get an F for a missed exam.

Bring your own calculator, ruler, pen and pencil, and eraser to each exam. I will provide the paper. If the use of any other material is admissible (highly unlikely), I will specify that clearly before and during the exam. You are *not* allowed to use or have within reach any other non-authorized material, nor are you allowed to use your own paper. Any attempt of using any unauthorized material – including consulting another classmate’s work – will be considered cheating, guarantee you an F on the exam and a report to the Dean (see Bulletin p 61 for the University’s Honor Code and Process). If you have any doubts or questions, about what material may be used during an exam – ask before you start working on an exam!

Doing your homework and class attendance are the best preparation for the exams. Working through the end-of-chapter problems in the textbook are also a good preparation for the exam – I am happy to check your answers. All exams are cumulative, but there will always be a strong emphasis on material that was covered since the last exam.

Although, these rules hopefully represent common sense to all of you, let me state what I consider necessary **classroom etiquette**:¹

- do not disturb the class by arriving late, departing early, or leaving the classroom during class unless for a medical necessity/emergency (if you have an important reason, let me know beforehand; do not make it a regular occurrence);
- do not distract others with personal conversations, eating, using electronic or other gadgets, etc;
- contribute to class in a constructive manner by asking questions, volunteering answers, participating in discussions and activities, and by collaborating with others when requested;
- switch off the volume on all electronic devices and do not dare to use them in class (let alone during an exam) unless you have to do so for a disability (talk to me at the beginning of the semester about that);
- behave in a respectful and civil manner towards everybody else.

Work hard, keep up, participate, and enjoy!

Topics

Value, Art, Market, Museums, Dealers, Auctions, Costs, Property Rights, ...

This schedule may (will) change depending on the exact dates of class trips which we will schedule as soon as possible.

¹ Professor Treanor’s “Basic Expectations for Philosophy Classes” coincide with those for economics classes – you may want to consult them at <http://myweb.lmu.edu/btreanor/basicexpectations.htm>.