

**American Studies 310  
Spring**

**The American Economy in Literature**

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**Course Description:** An introduction to the workings of the American economy using selections from literature. In addition to reading the full version of Atlas Shrugged by Ayn Rand, course readings will include excerpts and short works by authors including Frost, Steinbeck and others. Topics to be covered include supply and demand, capitalism, income inequality, public goods and government regulation, and labor markets.

**Required Texts:**

The Literary Book of Economics, Michael W. Watts (ed.) ISI Books, 2003.

Atlas Shrugged, Ayn Rand.

CyberEconomics: An Analysis of Unintended Consequences, by Robert E. Schenk

<http://ingrimayne.com/econ/index.htm>

**Performance Objectives:** Students will demonstrate through class discussions, a written exam, and written assignments, a basic understanding of economic theory as illustrated in literature.

**Performance Measures:**

Class Discussion	10%
Homework	10%
Atlas Shrugged Discussion	10%
Mid-Term Exam	20%
Essay	25%
Final Exam	25%

**Class Discussion and Homework:** This course is not lecture based, so the success of this course depends keenly on your involvement. For each assigned reading, you are to bring to class typed answers to the discussion questions and these will form the basis of our class discussions that day. Each student will have a turn leading the Atlas Shrugged discussion.

**Essay:** Students will choose one of four topics from Atlas Shrugged. Students may choose one of the three topics from the Ayn Rand Institute's essay contest (<http://www.aynrand.org>) or students may present a summary of the comparison of capitalism and collectivism as presented in Atlas Shrugged. Any material you obtain from outside sources should be referenced using the APA style, and your paper must have a list of references at the end. Any material quoted directly from your references should be enclosed in quotation marks and referenced. Your paper should be your own

work, and you should adhere to the standards of the CNU honor code (see below). The essay should be typed, double-spaced, and the text of the paper should be 1000-1200 words in length (excluding references). Late papers will be assigned a grade penalty.

**CLASS POLICY:** No electronic devices may be used in class other than a tape recorder for taping lectures. Please turn off all cell phones, pagers, MP3 players, etc.

*Students are expected to be on time and to attend all classes.* Students who miss class are responsible for obtaining missed handouts or other information/announcements.

*Students are expected to turn in assignments on time.* All homework due dates will be announced in class on a flow basis and late work will not be accepted. Essays submitted after the deadline will be assigned a grade penalty.

*Students are expected to keep up with the assigned readings, to complete assignments, and to attend office hours for additional assistance.*

We want you to succeed at CNU; therefore I may notify the Academic Advising Center if you seem to be having problems with this course. Someone may contact you to help you determine what help you need to succeed. You will be sent a copy of the referral form. I invite you to see me if I can be of any assistance in helping you with the course material.

***In other words, your success in this class depends on you, but I am willing to help you achieve this goal!***

**CNU HONOR CODE:** “On my honor, I will maintain the highest possible standards of honesty, integrity and personal responsibility. That means I will not lie, cheat, or steal and as a member of this academic community, I am committed to creating an environment of respect and mutual trust.”

**NOTE:** Any student who believes that he or she is disabled should contact me to discuss your needs. In order to receive an accommodation, your disability must be on record in Disability Services.

## Course Outline and Discussion Question Assignments

For each of the readings listed below, note the economic concepts illustrated by the author, list the general economic roles of government that are suggested (if any) and answer the additional discussion questions.

### Week 1

Mon. Scarcity, Choice & Opportunity Cost

Robert Frost, “The Road Not Taken” (p. 7) in class assignment

1. What is the opportunity cost of taking the road less traveled?

Wed. Specialization and the Division of Labor

Sherwood Anderson, *Winesburg, Ohio* (p. 57) **homework due in class**

1. Identify the examples of specialization.
- Lecture on specialization and the gains from trade.

Fri. John Steinbeck, *East of Eden* (p. 59) in class assignment

1. How can there be too much specialization?
  2. How does this excerpt shed light on your choice of a major?
- Finish lecture on specialization.

### Week 2

Mon. Lecture: Introduction to Supply and Demand Model

Wed. Edward Bellamy, “The Parable of the Water Tank” (p. 28)

**homework due in class**

1. What is the key assumption in this excerpt that prevents the oversupply problem from fixing itself?

Finish lecture on Supply & Demand.

Fri. Atlas Shrugged: **homework due in class**

Part I, Chapter IV “The Immovable Movers” pp. 75-88

Explain the “Anti-dog-eat-dog Rule.” Who benefits and who is hurt by the Rule? What are some possible unintended consequences?

### Week 3

**Mon.** Sebastian Junger, *The Perfect Storm* (p. 120) **homework due in class**  
1. Identify the non-price determinants of supply and demand.  
Lecture on elasticity.

**Wed.** Jon Krakauer, *Into Thin Air* (p. 143) **homework due in class**  
1. Explain whether the demand to climb Everest is elastic or inelastic. Relate your answer to the determinants of elasticity.  
Lecture on multiplier effect.

**Fri.** Atlas Shrugged: **homework due in class**  
Part I, Chapter VI “The Non-Commercial” pp. 125-130  
Explain the “Equalization of Opportunity Bill.” Who benefits and who is hurt by the Rule? What are some possible unintended consequences? (See p. 204 and p. 253).

### Week 4

**Mon.** John Steinbeck, *The Pearl* (p. 129) **homework due in class**  
1. Identify examples of the multiplier effect.  
2. Compare the pearl buying cartel with the employment for public school teachers.  
View video of the ‘Tragedy of the Commons’

**Wed.** Sebastian Junger, *The Perfect Storm* (p. 42) **homework due in class**  
1. What policy would you recommend to address this *tragedy of the commons*?  
Lecture on Public Goods.

**Fri.** John Steinbeck, *Travels with Charley* (p. 147) **homework due in class**  
1. Classify national parks as either rival or non-rival and excludable or non-excludable.  
2. Describe one public and one private solution to the national parks problem.  
Play Public Goods Game

## Week 5

Mon. Lecture on Externalities.  
View video on littering and noise.

Wed. Jon Krakauer, *Into Thin Air* (p. 152) **homework due in class**  
1. Identify and classify the externality.  
2. Describe one public and one private solution to the externality.  
Lecture on tradable pollution rights.

Fri. Atlas Shrugged: **homework due in class**  
Part I, Chapter IX “The Sacred and the Profane” pp. 269-273  
How does “the Motor” work? What would be the economic effects of such an invention?

## Week 6

Mon. Lecture on Asymmetrical Information.

Wed. Upton Sinclair, *The Jungle* (p. 167) **homework due in class**  
1. Why didn't the market lead to the best outcome in the meat packing industry? (What is the source of the market failure?)  
Henry Adams, *Democracy* (p. 178) in class assignment  
1. “After all, it is absurd to spend more money than is enough to satisfy one's wants.” What basic assumption of economic theory is violated in this statement?  
2. “It is vulgar to live in two houses in the same street.” Is this a positive or a normative statement?  
3. In economic theory, consumers are assumed to maximize utility (well-being) and producers are assumed to maximize profits. What do politicians maximize?  
Lecture on Public Choice model

Fri. Lecture on Public Choice model.  
View video on pork barrel politics and agricultural subsidies.

## Week 7

**Mon.** Joseph Heller, *Good as Gold* (p. 183) **homework due in class**

1. In economic theory, consumers are assumed to maximize utility (well-being) and producers are assumed to maximize profits. What do career bureaucrats maximize?

## Wed. Midterm Exam

**Fri.** Atlas Shrugged: homework due in class

Part I, Chapter X “Wyatt’s Torch” p. 279

Explain the “Fair Share Law.” Who benefits and who is hurt by the Rule? What are some possible unintended consequences? (See p. 335-340, p. 462)

## Week 8 Spring Break!

## Week 9

Mon. Lecture on Income Inequality

**Wed.** Frank Norris, *The Octopus* (p. 249) **homework due in class**

Kurt Vonnegut, *Harrison Bergeron* (p. 257)

1. Contrast the two views on inequality presented by these two excerpts.

**Fri.** Atlas Shrugged: **homework due in class**

Part II, Chapter II “The Aristocracy of Pull” pp. 380-385

In Francisco d’Anconia’s ‘money speech’ what is the role of money or profit? Find examples that illustrate the difference between the voluntary nature of the market and the coercive nature of government.

## Week 10

Mon. Lecture: Introduction to Labor Markets

**Wed.** Benjamin Franklin, *Autobiography* **homework due in class**

1. Define ‘human capital’ and find examples of human capital formation in this excerpt.

Sebastian Junger, *The Perfect Storm* in class activity

1. How are wages determined in the fishing industry?

**Fri.** Atlas Shrugged: **homework due in class**

Part II, Chapter IV, “The Sanction of the Victim” pp. 440-447

Find examples of self-interest versus the public good.

## Week 11

Mon: Jon Krakauer, *Into Thin Air* (p. 200) **homework due in class**

1. How are rates to hire Sherpas determined?
2. How has globalization affected the Sherpa culture?

Lecture on Immigration

Wed. Lecture on Immigration

Fri: Atlas Shrugged: **homework due in class**

Part II, Chapter VI “Miracle Metal” pp. 495-507

Explain “Directive Number 10-289.” Who benefits and who is hurt by the Rule? What are some possible unintended consequences?

## Week 12

Mon: Ivan Doig, *Dancing at the Rascal Fair* (p. 233) **homework due in class**

1. What kinds of human capital are presented in this excerpt?

Who gains and who loses as a result of the immigration presented in the excerpt?

Wed. Lecture on Discrimination in Labor Markets

Fri. Atlas Shrugged: **homework due in class**

Part I, Chapter X “Wyatt’s Torch” pp. 299-302 (owner’s view)

Part II, Chapter X “The Sign of the Dollar” pp. 607-618 (worker’s view)

Compare and contrast the two different views of why the Twentieth Century Motor Company failed.

## Week 13

Mon: John Steinbeck, *Travels with Charley* (p. 224) **homework due in class**

1. How can competition in markets reduce discrimination?

Lecture on Unions.

Wed. Finish Lecture on Unions

John Steinbeck, *In Dubious Battle* (p. 214) in class assignment

1. In economic theory, consumers are assumed to maximize utility (well-being) and producers are assumed to maximize profits. What do union leaders maximize?

Fri. Atlas Shrugged: **homework due in class**

Part III, Chapter I. “Atlantis” pp. 643-698

Explain the important role that self-interest has in a market economy.

## Week 14

**Mon.** Erskine Cardwell, *God's Little Acre* (p. 215) **homework due in class**

1. Find an example of what union leaders maximize.
2. What determines wages at the mill?
3. What gives the mill owners an advantage in the labor market?

**Wed.** Lecture on Money & Inflation

Charles Frazier, *Cold Mountain* (p. 264) in class assignment

1. Describe how inflation drives an economy towards barter.
2. Why is barter inefficient?

**Fri.** Atlas Shrugged: **homework due in class**

Part III, Chapter VII "This is John Galt Speaking" pp. 923-979

Find examples of capitalism versus collectivism in terms of the views about prices, profit and property rights.

## Week 15

**Mon.** Lecture on International Comparisons of Income and Prices

Mark Twain, *A Connecticut Yankee in King Arthur's Court* (p+. 277) in class assignment

1. Find an example of the difference between real and nominal values.
2. Compare the situation presented in this excerpt with a decision between 2 job offers at the same pay – one in Manhattan and one in Newport News.

**Wed.** Atlas Shrugged wrap-up

Atlas Shrugged **Essays due in class.**

**Fri.** Review

## Final Exam