

# Price Theory — Economics 306

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**Course Goal** McCloskey's text was written when he was teaching the first price theory class for graduate students at the University of Chicago in the late 1960s. Since then a lot has changed. Don is now Deirdre and economic theory has been fundamentally challenged. The class will focus on where the unhappy results come into theory. McCloskey's book is a good place to start.

There will be moments in the class where calculus is helpful. Maxima is a way to make calculus intuitive.

**Texts.** McCloskey *Applied Theory of Price*, 1985 <http://www.deirdremccloskey.com/docs/price.pdf>  
Maxima <http://maxima.sourceforge.net/> [This is open source]

Notice that both are “free.” **Maxima** seems a little clunky relative to the old commercial version. **If you have Mathematica that will be fine.**

**Term paper** is on the topic of the criticism of economic theory in the years since McCloskey's book.

**Mechanics.** Send me an email (to my gmail address) with your name and preferred email address. This way I can build a class distribution list for the handouts.

**Grades** 1) Weekly problem sets: Handed out every Tuesday, due the following Tuesday (100 points); 2) In-class midterm (200 points); 3) Term paper (200 points); 4) Final exam on all the material (200 points). The homework but only the homework can be resubmitted to improve the grade **if and only if the homework was initially submitted when it was due.**

My schedule. I'm giving lectures at St. Lawrence October 22 and 24. Hence the midterm! I'm supposed to do something in Chicago on November 8/9 but I don't know the schedule. Else I should be here and easy to find.

## Week 1 (August 29)

McCloskey, pp. 6-7. [Yes, that is TWO pages.]

Levy, "One commodity to two" handout

Get a Library of Congress card. [This is the first week's assignment!]

## Week 2 (September 5)

McCloskey, Chapters 1-2

Introduction to Maxima

Levy "Utility-Enhancing Consumption Constraints" handout

## Week 3 (September 12)

McCloskey, Chapter 4

## Week 4 (September 19)

McCloskey, Chapter 5

Levy & Peart, "Buchanan-Polanyi Welfare Economics"

Levy & Peart, "Secret history of the dismal science"

<http://www.econlib.org/library/Columns/LevyPeartdismal.html>

## Week 5 (September 26)

McCloskey, Chapter 6

## Week 6 (October 3)

McCloskey, Chapters 11 & 12

## October 10

Break

## Week 7 (October 17)

McCloskey, Chapters 13 & 20

Levy & Makowsky, "Price Dispersion & Increasing Returns" handout

Week 8 (October 24)

Midterm in-class

Week 9 (October 31)

McCloskey, Chapters 10 & 17

Week 10 (November 7)

McCloskey, Chapter 21

Levy & Peart, “Adam Smith at the Supreme Court” handout

Week 11 (November 14)

McCloskey, Chapters 22 & 23

November 21

Break

Week 12 (December 5)

McCloskey, Chapter 8

Levy & Peart, “Soviet growth and American Textbooks” [handout]

Week 13 (If the class runs fast)

McCloskey, Chapters 9 & 16

## Joys of the Library of Congress

**Basic facts** The Library of Congress takes up three buildings: the Jefferson, the Adams and the Madison. The Jefferson and the Adams are the size of a city block each. There is a useful tunnel system connecting the three buildings. The police force is Congress's own. Congress makes the laws and is very serious about protecting itself. That's Public Choice 101. This is the safest place in DC. Those are real weapons. This is not airline "security theater." Every time there is an attempt on the life of Congressman, the security level increases.

You get your library card in the Madison Building on the floor on which you enter. You need only a government issued photo id. No, you do not need to be a US citizen nor do you need a letter from a professor at a distinguished university.

**Getting there** The Metro stop is Capitol South. Going from Vienna to Capitol South is trivial since there is only the Orange line service to Vienna. However, coming back, Capitol South is served by Orange, Silver and Blue lines. It is easy to find yourself in an odd part of Virginia if you don't watch the colors at Capitol South. Parking is tricky around LC. The DC police are very efficient at collecting traffic revenues.

**Computer stuff.** All the buildings have wifi for use. Once you have an LC card you can request books online. That saves a good deal of time. The searchable periodical literature at LC is an order of magnitude better than what is available on the web.

**Jefferson Building.** The main reading room and the computer terminals are here on Floor 1. You need an LC card to get in either of these. You may bring a computer. To read a book on your first visit you need to first get a library card and then your present a call slip with your number on it. The books can be checked out to a reading desk or for overnight call to be picked up at the central desk next day. You may bring a digital camera which for data work can be a big deal. You need a permission slip from the reference librarians to bring in the camera. Once you have the LC card you can request books through the online LC catalog.

The Jefferson building is also the home to the Rare Book Room and the Microform Reading Room. The stacks are off limits to even serious scholars ever since it was discovered that some of us were cutting out the plates of books. LC allows readers to bring in pieces of paper so it hard to check for plates, etc. on the way out

**Adams Building** The Social Science Reading Room is on the fifth floor.

**Madison Building** The Law Library, the Newspaper Room, Prints/Photos and the LC Archives are here. You get your card in the Madison Building. The LC Archives & the Rare Book Room are very high security. They won't let you bring paper in; rather, you are given paper. Hours for the general library are 8:30a-5p on TuFSa; 8:30a-9:30pm on MWTh; closed Sunday.

# Honors Code at GMU

## Honor Code

To promote a stronger sense of mutual responsibility, respect, trust, and fairness among all members of George Mason University, and with the desire for greater academic and personal achievement, we, the members of George Mason University, have set forth the following code of honor.

### I. **The Honor Committee**

The Honor Committee is a group of students elected from the student body whose primary and indispensable duty is to instill the concept and spirit of the Honor Code within the student body. The secondary function of this group is to sit as a hearing committee on all alleged violations of the code.

### II. **Extent of the Honor Code**

Duties of the Honor Committee:

The Honor Code of George Mason University deals specifically with:

- A. [Cheating and attempted cheating.](#)
- B. [Plagiarism.](#)
- C. [Lying.](#) and
- D. [Stealing.](#)

#### A. Cheating encompasses the following:

- 1. The willful giving or receiving of an unauthorized, unfair, dishonest, or unscrupulous advantage in academic work over other students.
- 2. The above may be accomplished by any means whatsoever, including but not limited to the following: fraud; duress; deception; theft; trick; talking; signs; gestures; copying from another student; and the unauthorized use of study aids, memoranda, books, data, or other information.
- 3. Attempted cheating.

#### B. Plagiarism encompasses the following:

- 1. Presenting as one's own the words, the work, or the opinions of someone else without proper acknowledgment.
- 2. Borrowing the sequence of ideas, the arrangement of material, or the pattern of thought of someone else without proper acknowledgment.

#### C. Lying encompasses the following:

The willful and knowledgeable telling of an untruth, as well as any form of deceit, attempted deceit, or fraud in an oral or written statement relating to academic work. This includes but is not limited to:

- 1. Lying to administration and faculty members.
- 2. Falsifying any university document by mutilation, addition, or deletion.
- 3. Lying to Honor Committee members and counsels during investigation and hearing. This may constitute a second charge, with the committee members who acted as judges during that specific hearing acting as accusers.

#### D. Stealing encompasses the following:

Taking or appropriating without the permission to do so, and with the intent to keep or to make use of wrongfully, property belonging to any member of the George Mason University community or any property located on the university campus. This includes misuse of university computer resources (see Responsible Use of Computing Policy under General Policies). This section is relevant only to academic work and related materials.

### IV. **Responsibility of the Faculty**

Professors are responsible, to the best of their ability, for maintaining the integrity of the learning and testing process, both in the classroom and outside of it, and for fostering conditions of academic integrity. Faculty members may actively proctor examinations

in situations which they believe warrant it.

To alleviate misunderstandings, all professors are required to delineate at the beginning of each semester what constitutes a violation of the Honor Code in their classes. This should include an explanation of:

- A. The extent to which collaboration or group participation is permissible in preparing term papers, laboratory exhibits or notebooks, reports of any kind, tests, quizzes, examinations, homework, or any other work.
- B. The extent to which the use of study aids, memoranda, books, data, or other information is permissible to fulfill course requirements.
- C. Guidelines on what constitutes plagiarism, including requirements for citing sources.

All professors are encouraged to send the Honor Committee a written copy of their Honor Code policies, which are kept on file. These requirements should also be stated before each test, examination, or other graded work to clarify what is permissible.

Faculty members who witness an Honor Code violation should proceed as outlined under Procedure for Reporting a Violation.

V. **Responsibility of the Students**

Students should request a delineation of policy from each professor if none is given at the beginning of each semester. Students should also request an explanation of any part of the policy they do not understand. Students are responsible for understanding their professors' policies with regard to the Honor Code. Students are also responsible for understanding the provisions of the Honor Code.

As participating members of this community, all students have the duty to report to a member of the Honor Committee, within the prescribed time outlined under Procedures for Reporting a Violation, any violations of the Honor Code. This duty is important not only because it enforces the Honor Code, but also because it gives all students the opportunity to express their respect for personal integrity and an honest academic community.

VI. **Procedure for Reporting a Violation**

All students or faculty members witnessing or discovering a violation of the Honor Code should enlist, wherever and whenever possible, one or more corroborating witnesses to the overt act. The accuser(s) (student, faculty, or staff), within 15 working days from date of realization, notifies the Honor Committee.

The Honor Committee will, within five working days, mail a letter of accusation to the suspected party. This letter is addressed to the accused student's current mailing address listed with the Registrar's Office. The letter informs the suspected parties that they have five Honor Committee working days to contact the Honor Committee office and make an appointment to see the committee chair, who advises them of their rights and options. The Honor Committee begins an investigation, which does not involve a presumption of guilt on the part of the accused. Any member of the George Mason University academic community who knows of but does not report an Honor Code violation may be accused of lying under the Honor Code.

VII. **Counsel for the Accused and Accuser**

Counsel for the accused and accuser may be provided by any member of the George Mason University student community, including members of the Honor Committee, but not including students of the School of Law.

VIII. **Appearance of Witnesses**

The Honor Committee may require any member of the university community to appear as a witness before the Committee at the time of the hearing. All requests for such appearances are issued by the chair of the Honor Committee, or by the counsel appointed to that case. The appearance of the accuser is required.

IX. **Verdict**

To find a student guilty of an honor violation, there must be a four-fifths majority vote (four to one) for a verdict of guilty. Clear and convincing evidence must be presented to find the student guilty.

A student may not be tried more than once for the same offense except when an appeal is granted.

X. **Penalty**

If the accused is found guilty of an honor violation, the Honor Committee determines the nature of the penalty by majority vote.

The Honor Committee is not restricted to one kind of penalty but determines one commensurate with the seriousness of the offense.

Typical of the range of penalties that may be given are:

- A. Oral reprimand: An oral statement to the student given by the chair of the hearing. No entry is made on the student's scholastic record.
- B. Written reprimand: A written censure placed in the confidential files of the Honor Committee and in the student's academic file but not made part of the student's scholastic transcript records.
- C. Nonacademic probation: Exclusion from holding or running for an elected or appointed office in any organization or activity associated with the university. Ineligibility to participate in any activity representing the university on either an intercollegiate or club level and ineligibility to serve as a working staff member of any student organization. This action is noted in the judicial administrator's file but is not made a part of the student's scholastic record.
- D. Service hours: Library or other supervised university service hours to be completed by a specific time. Upon completion the hold on the student's records is removed.
- E. Failing grade: Recommendation in writing to the instructor for a grade of F for the work involved, or for the entire course.
- E. The student's permanent record reflects the academic evaluation made by the instructor. Recommendation of suspension

**Appeal**

A written request for an appeal, detailing new evidence, procedural irregularities, or other sufficient grounds that may have sufficient bearing on the outcome of the trial, must be presented to the chair of the Honor Committee within seven working days after the date on which the verdict was rendered.

from the university for one or more semesters: A student's scholastic record would read: "Nonacademic suspension from (date) to (date)." The recommendation is made to the appropriate Associate Provost.

Recommendation of expulsion from the university: A student's scholastic record would read: "Nonacademic expulsion as of (date)." This penalty is recommended to the appropriate Associate Provost only in extraordinary circumstances, such as for repeated offenses.

XI.

The written request is reviewed by at least three voting members who were not involved with the original case. If a new hearing is granted, no voting member from the original hearing may vote in a second or subsequent hearing of the same case.

**Keeping of Records**

The records of the hearing are kept in the Honor Committee's files. These records include a tape or a full transcript of the hearing and all evidence presented at the hearing. If the evidence belongs to any person other than the accused, the original is returned to the owner and a copy kept with the records of the Honor Committee.

**Composition of the Committee**

XII.

The Honor Committee is proportionally composed of students from each school and faculty adviser(s), although the latter are nonvoting members. Undecided majors, B.I.S. students, and continuing education students are considered together as a school. The total number of members is as close to one-half of one percent of the student body as possible. Freshmen are appointed in the fall to serve until the following spring election. One or more clerks appointed by the committee from the student body serve as aides to the chair.

XIII.

The chair of the committee is elected by majority vote of the committee members. For each hearing, five members of the Honor Committee are designated as voting members.

A faculty hearing adviser, acting as a nonvoting member of the committee, sits with and advises the committee at all hearings. The faculty adviser and faculty hearing adviser are chosen by the Honor Committee.

Previous Honor Committee members may serve during the Summer Term.

XIV. **Eligibility of Members**

Any student who maintains a 2.0 grade-point average and is in good standing with the university is eligible for the Honor Committee. A committee member must maintain a 2.0 average to continue in office.

XV. **Election of the Honor Committee**

The Honor Committee is elected in the spring semester. The term of office begins upon election and runs until the following spring election.

In the fall semester the chair appoints new members to fill any vacancies that have occurred and to fill the freshman seats on the committee.

XVI. **The Challenging and Voluntary Withdrawal of a Member of the Committee from Participation in a Particular Hearing**

An accused person who challenges the right of any member of the Honor Committee to sit in judgment on him or her must present cause to the chair of the hearing.

The hearing committee then decides the validity of the challenge with the challenged member abstaining from voting. A simple majority decides the validity of any challenge. A successfully challenged committee member must not be present during the hearing.

A member of the Honor Committee who feels prejudiced as to the facts of the case, is a close friend or relative of the accused, or would not be able to render an impartial judgment must withdraw from a specific hearing.

**Provision for Amendments**

XVII. Upon petition of 20 percent of the student body, amendments to or revisions of the Honor Code may be proposed for ratification. Said amendments and/or revisions are voted on by the student body as a whole. A two-thirds majority of the votes cast is necessary for acceptance of any amendment or revision.

The Honor Committee may also propose amendments to be voted on by the student body as described in paragraph one of this section.

Approved amendments take effect immediately for all new cases. New provisions are not applied to cases initiated prior to the amendments.