

KT&T Communications, not be confused with AT&T Communications, has registered several new operating units in Texas. Those companies, "I Don't Know", "I Don't Care", "It Doesn't Matter", and "Whoever", charge about double the cost of some other long distance companies for operator-assisted long distance calls, the Associated Press says. The choice comes when the operator asks which long distance company you want to complete your call. "It's not deceptive at all," insists Dennis Dees, president of KT&T. Dees won't say how many calls his new companies has completed, but said "I Don't Care" and "It Doesn't Matter" were the most successful. (AP)

Ec 11: Introduction to Economics

Professor R. Preston McAfee

Who Am I?

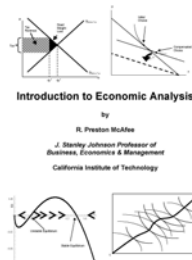
- Ph.D. Purdue, 1980, B.A. Florida, 1976
- Taught at UWO, UTexas, MIT, U Chicago
- Co-designer, U.S. PCS auction
- Co-Editor, *American Economic Review*
- Expert Witness: Exxon-Mobil, BP-Arco, Monster/Hotjobs, Rambus, Oracle-Peoplesoft
- Author, 70+ articles on
 - Auctions, Pricing, Antitrust
- Taking leave to work for Yahoo!

Goals Of This Course

- Economic language (jargon)
- Major concepts
- Economic reasoning and analysis
 - ability to apply
 - tools
 - intuition

Textbook

- *Introduction to Economic Analysis*, version 2.0
- Free online:
- <http://www.introecon.com/>
- \$12 from Sabrina, Baxter 111



Assessment

- Midterm 30%
- Final 30%
- 8 Homeworks 40%
- Responsible for website material
 - <http://ec11.mcafee.cc/>
 - Check at least weekly for updates
- Responsible for material presented in class
- Responsible for material in book

What is Economics?

- Economics is the study of the allocation of goods and services
- Allocation methods
 - Markets
 - Government
 - Crime
 - Clubs
 - Gifts

Economic Analysis

- Heavy use of mathematical models
 - Simplify a complex world
- Positive and normative theories
- Self-interested behavior
 - Maximization paradigm

Cost

- Opportunity cost is the value of the best foregone alternative
 - Humane society puppy
 - Caltech education
- Opportunity cost often translated into \$
 - Willingness and ability to pay
 - Value of human life

Jargon

- Ceteris paribus
- Marginal
- Homo economicus
- Normative and positive theories
- Maximization paradigm
