As a group, answer these questions to the best of your ability. Some questions require only a couple of sentences, while others may be longer. There is no guideline for you in terms of length. Just keep in mind that more is not necessarily better. I expect each group to turn in 1 set of answers with everyone’s name on it. Answers should be typewritten, except for diagrams which may be sketched by hand. Each group should keep a copy of the answers for discussion in class.

1. On the first few pages of Chapter 4, we learn about the way in which General Decker orders his breakfast. What factors determine Decker’s utility? In other words, what would you put in Decker’s Utility function? Does the General think/behave like an economist? Why or why not?

2. On pages 32-33, Spearman lectures to Mrs. Doakes about profit-maximization and her pricing habits. Briefly summarize this lecture. Suppose that you were Spearman and you wanted to draw a diagram or two to help Mrs. Doakes understand his point. Carefully draw these diagrams and discuss their usefulness.

3. In Chapter 5, we are introduced briefly to the concept of Optimality. Define this term using the context that it is used in the novel. Is thinking about optimality a peculiarity of economists?

4. Discuss the bargaining that takes place between Clarks. What agreement do they have in place? The concept of bargaining is typically used in labor negotiations and other issues where money is exchanged. Do you feel it is appropriate to use the concept of bargaining to discuss the type of scenario talked about here? Do you bargain with your friends and family? Discuss.

5. There are a few instances in these chapters where the firm’s goal of profit maximization is mentioned (see question 1, for example). Compare and contrast these instances. Do firm’s have any other motivation? What would Spearman have to say about this?