

Econ100

Microeconomics

1. Course Number and Title: Econ100 Microeconomics

2. Course Description: The overall purpose of this course is to introduce the student to the concept of a market economy and to investigate how scarce resources are allocated under a price mechanism. Models of supply, demand, and market structure are employed to show how the interaction of consumers and producers results in the variety of goods abundantly available in a free-enterprise economy.

Within this general objective, there is room to examine how interferences with the price system, by public or private actors, diminish the ability of the price system to lead to maximum human well-being. In addition, the course addresses the role of marketplace incentives in furthering and directing economic growth.

3. Course Goals: Because it is highly efficient in allocating scarce resources, the free-market system is often taken for granted by those who participate in it. The primary aim of this course is to reveal the dynamics of human behavior, which underlie the workings of the price mechanism. As such, it will allow those in policy-making positions to anticipate the effects of programs and legislation attempting to modify market outcomes.

4. Course Learning Outcomes: Beginning with the framework of a supply-and-demand model, the course proceeds to address concepts of equilibrium pricing, shifts in supply and demand, and market failure. The technique of marginal analysis is also applied to labor and capital markets. Upon completion of the course, the student will be able to:

1. Express what economists mean by the concept of scarcity
2. Predict a change in market outcomes given a change in supply or demand
3. Explain the concept of market equilibrium
4. Evaluate situations according to the standard of Pareto Optimality
5. Identify positive and negative externalities
6. Identify the determinants of demand
7. Explain how the pursuit of profit leads to efficient outcomes
8. Use marginal productivity theory to explain the distribution of income
9. Demonstrate the effect of labor market discrimination on wage rates
10. Identify the major sources of economic growth

5. Course Concepts:

1. Market Equilibrium
2. Elasticity
3. Pareto Optimality
4. Market Failure
5. Income Distribution
6. Economic Growth

6. Required Text:

Gwartney, James D., Richard Stroup, Russell S. Sobel and David Macpherson, Economics: Private and Public Choice (Xtra! CD-ROM edition) Fort Worth: Southwestern Publishing Co. 10th ed., 2002. ISBN 0-03-034482-4. Cost: New \$119. Used \$88.

The Xtra! CD-Rom comes with the textbook and provides you with access to a full set of additional online learning tools found at the site. It includes The Graphing Workshop, Frequently Asked Questions videos, CNN application videos, and additional self-testing opportunities.

7. Recommended Readings: Three books are highly recommended

(1) Strongly recommended, but out of print. Available used from most online bookstores-- Coursebook/Study Guide to Accompany "Economics: Private and Public Choice, 10ed, ISBN: 0-030344131 Prepared by Russell Sobel, West Virginia University. Cost: Used \$29.

The Course book for this edition was prepared by coauthor Professor Russell Sobel and is available in three versions: economics, microeconomics, and macroeconomics. You will want the one for "economics." Each includes numerous multiple choice, true/false, and discussion questions permitting students to self-test their knowledge of each chapter. Each chapter also contains problem and project exercises and a set of short readings that compliment the classroom teaching of important topics. Price = \$ 34.16. Available from Southwestern Publishing Company at:
<http://www.swcollege.com/bef/economics.html>

(2) Additionally, you will find that David Friedman's The Hidden Order: The Economics of Everyday Life (New York: HarperCollins Publishers, 1997); ISBN: 0887308856; (September 1997), cost \$10.50 in paperback, is not only pleasant and even delightful reading, but is a very good way to 'test your understanding' of the nature of economics, and particularly of microeconomics and the economic way of thinking.

(3) Another work that conveys the essence of economics in non-technical prose is Steven E. Landsburg's The Armchair Economist. Touchstone Books; ISBN: 0029177766; Reprint edition (February 1995) Cost: \$12.00.

Course Syllabus

Course Number: Econ 100
Course Title: Microeconomics
Faculty: Debbie Evercloud, Ph.D.

Performance Requirements/Course Grade/Grade Rubrics:

Students are ultimately responsible for participating in the course through the following academic activities: uploading assignments, posting to discussion folders and responding to instructor inquiries. Students are expected to be involved in ongoing instructional activities based on the recommended schedule for course completion as detailed in the syllabus. Accordingly, students must stay in contact with their instructor on a regular basis.

Assessments percentages: Coursework will be assessed on performance in the five following tasks:

- Session Quizzes (20%)
- Mid-Term Quiz (20%)
- Responses to Discussion Topics (20%)
- Written Paper (20%)
- Final Exam (20%)

Quizzes for each Session: When you complete each session of this course, you will take the quiz covering the subject matter for that session. On your course "Home Page" click "Quiz" to access the quiz. After completing the quiz online, you will receive a response with your grade in the Grade Book. There are 10 Session Quizzes and their total value will be 20 % of your semester grade. Each quiz counts for 2 % of your course grade.

Responses to Discussion Questions: Discussion topics are designed to provoke your thought and provide you an opportunity to showcase your learning as it applies to some real-world challenges. There are two discussion questions for each session, and you will be able to post your replies online. Your response to each question will count for 1% of your course grade.

Papers: One essay or research paper is required as part of the course grade. The length will be 4-5 pages (double-spaced), not exceeding 2000 words. This written assignment counts for 20 % of your overall course grade.

Suggested Topics for Written Assignment

- (1) The effects of minimum wage legislation;
- (2) The effects of increased safety and environmental legislation;
- (3) Profitability of monopolies, and the case for or against anti-trust legislation;
- (4) The case for or against governmental provision of public goods,
- (5) Whether, and why, private property is a necessary condition for a robust economy;
- (6) Causes of earnings differentials between persons;
- (7) Causes/determinants of investment;
- (8) The function of profits in an economy;

(9) The principal-agent problem as it arises between the managers of a corporation and its stockholders

(10) The effects of price discrimination.

Other topics are permitted, but you should contact your instructor prior to beginning work if you elect to write about something other than the topics listed above.

Mid-term Exam: A mid-term exam, counting for 20 % of your overall grade, will be given after Session 5.

Final Exam: At the end of the Session 10, you will take a Final Exam. This exam will last approximately 2 hours. The examination will include all the topics covered from the date of the Mid-Term Quiz. The Final Exam will count as 20% of your overall course grade and will be "Open Book," meaning that you may refer to your textbook, or other sources.

Recommended Schedule for Course Completion

Session 1: The Economic Approach; Tools of the Economist

Chapters 1 and 2

Discussion Questions

- a. Economic theory postulates that self-interest is a powerful motivation for action. Does this imply that people are selfish and greedy? Do self-interest and selfishness mean the same thing?
- b. Provide an example of a decision you have made based on weighing marginal costs and benefits.

Learning Outcomes

The student will be able to:

1. Express what economists mean by the concept of scarcity
2. Explain the importance of exchange, and why, in a freely negotiated trade, all actors are made better off.
3. Justify the importance of private property rights

Session 2: Supply and Demand, And Applications

Chapters 3 and 4

Discussion Questions

- a. For a market to be efficient, it must generate trades in which the benefit will exceed the cost. What types of real-world constraints and conditions would hinder this goal?
- b. How can taxes be designed so as to minimize the size of the deadweight loss they create?

Learning Outcomes:

The student will be able to:

1. Predict a change in market outcomes given a change in supply or demand
2. Explain the concept of market equilibrium
3. Diagram the effects of taxes on market outcomes

Session 3: The Role of Government in the Economy and the Logic of Public Choice

Chapters 5 and 6

Discussion Questions

- a. Given the nature of self-interest, what types of public incentives might be effective in encouraging more citizens to register to vote?
- b. In what ways is gathering information about a product different from gathering information about a political candidate?

Learning Outcomes:

The student will be able to:

1. Evaluate situations according to the standard of Pareto Optimality
2. Identify positive and negative externalities
3. Classify goods as either public goods or private goods, and articulate the cause of the free rider problem as it arises in conjunction with public goods

Session 4: Demand and Consumer Choice, Costs and the Supply of Goods

Chapters 19 and 20

Discussion Questions

- a. Provide an example of a time in which you responded to a higher price of
- b. One good by switching to a cheaper substitute.
- c. What are some ways in which the stockholders of a corporation can address the principal-agent problem when it comes to monitoring the behavior of the firm's managers?

Learning Outcomes:

The student will be able to:

1. Derive the market demand function
2. Identify the determinants of demand
3. Calculate the elasticity of demand and interpret the significance of the measure

Session 5: Theory of Perfect Competition

Chapter 21

Discussion Questions

- a. When viewed from the perspective of the economy as a whole, why are business losses a good thing?
- b. Describe an instance in which the competitive pressures of an industry forced the firms to become more efficient.

Learning Outcomes

The student will be able to:

1. Articulate the relationship between total, fixed, and variable costs
2. Predict the effects of government regulation and taxation on market outcomes. Explain how the pursuit of profit leads to efficient outcomes

Session 6: Theory of Imperfect Competition

Chapters 22 and 23

Discussion Questions

- a. In what ways does entrepreneurship differ from the other inputs to business enterprises?
- b. Monopolies don't face direct competition, but they do face other constraints. What aspects of the marketplace and the general environment will serve to limit the profit, which a monopolist can earn?

Learning Outcomes

The student will be able to:

1. Solve for market equilibrium under conditions of monopoly
2. Account for the differences in market outcomes between perfect and imperfect competition
3. Outline the challenges faced by policy makers attempting to regulate markets with high entry barriers

Session 7: Supply and Demand for Inputs

Chapter 24

Discussion Questions

- a. How might you gather information about the most highly valued use of the skills you can offer in the labor market?
- b. In addition to acquiring a college education, what other activities might you pursue in order to increase your productivity as an employee?

Learning Outcomes

The student will be able to:

1. Identify the factors underlying the demand for productive inputs
2. Use marginal productivity theory to explain the distribution of income
3. Predict how markets will react to a change in input prices

Session 8: The Labor Market

Chapters 25 and 27

Discussion Questions

- a. It is commonly argued that teachers should earn more because they provide such an important service. Use the principles of labor market theory to respond to this argument.
- b. An assortment of empirical studies suggests that there is considerable income mobility in the United States. How does this fact affect the optimal design of anti-poverty programs?

Learning Outcomes

The student will be able to:

1. Describe how wage rates and employment levels are determined
2. Demonstrate the effect of labor market discrimination on wage rates
3. Analyze the impact of automation on earnings

Session 9: The Capital Market

Chapter 26 (and review Chapter 24)

Discussion Questions

- a. Which group is more sensitive to the welfare of the general public: elected officials or business entrepreneurs?
- b. What type of information would you gather in order to determine whether a share of stock is overpriced?

Learning Outcomes

The student will be able to:

1. Diagram the relationship between the interest rate and investment decisions
2. Calculate the net present value of an investment opportunity
3. Demonstrate the importance of relative capital and labor costs in determining how goods and services will be produced

Session 10: Economic Growth

Chapter 16

Discussion Questions

- a. Is it possible for all countries to grow wealthier at the same time? How can this be achieved, given the scarcity of resources?
- b. Why is the spirit of innovation, which drives entrepreneurial ventures often, missing from government endeavors?

Learning Outcomes

The student will be able to:

1. Identify the major sources of economic growth
2. Analyze the effect of 'creative destruction' on the economic growth process
3. Predict the effect of government intervention on the economic growth process