Economics 221: Principles of Microeconomics

Professor Chris Westley
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How to Reach Me

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This class meets in Merrill 220 from 9:15 to 10:45, Tuesdays and Thursdays.

Office Hours: Tu-Th 12:30-2:30 and Th 4:00-5:00, and by appointment

Course Objectives: The primary objectives of this course are . . .

- To introduce you to economics and to learn to think analytically, critically, and logically. The “economic way of thinking” is conveyed through the following concepts that you will learn about during the semester: scarcity, opportunity costs, comparative advantage, markets, marginal analysis, incentives, and elasticities. In other words, when you are familiar with these concepts, the chances are that you are beginning to grasp the economic way of thinking.

- To acquaint you with the behavior of some important economic "players" in our society, including business firms, households, governments, and special-interest groups

- To acquaint you with our system of markets and prices

- To be able to apply theoretical models to solve problems to be capable of independent thought

- To be aware of ethical issues
Why Study Microeconomics?

The best reason for most of us to study microeconomics is that it can help us to think better and more clearly. Microeconomics provides a "logical framework" for making financial, as well as entirely non-financial, personal decisions. It also can help us be more aware of the full costs of government policies. Microeconomics provides fundamental knowledge of the market system of voluntary trade, consumer behavior, and market competition, as well as decision-making principles for maximizing profits. By learning the "economic way of thinking," students learn a way to look at the world that employers find valuable and that are very helpful to success in MBA programs and law schools.

Economics can be a rewarding subject for any student, but for some it is not an easy subject (it was not easy for many economics professors when they were students either). This is not a subject that students can pass simply by memorizing details. Your grade will reflect your ability to apply the concepts presented here; in other words, it will reflect the extent to which you have mastered the economic way of thinking.

Text and Readings

The required text for this course is Microeconomics: Private and Public Choice, by Gwartney, Stroup, Sobel, and Macpherson (13th edition, ISBN: 978-0-538-75433-0). The study guide is not required for this course, but some students might find it helpful. Additional readings will be assigned on the class web page and may also be placed on reserve in the library. Due to the size of this semester’s sections, all tests will be mechanically graded.

The optional texts for this course are How Capitalism Saved America by Thomas J. DiLorenzo (ISBN: 1-4000-8331-1) Invisible Heart by Russell Roberts (ISBN: 0-26-268135-8). Both are available at the bookstore or online. These are not required books, but extra-credit quizzes will be based on them.

Course Requirements and Grading Policy

Grading will be based on the following: 4 examinations, 100 points each, and 1 final examination (comprehensive), 150 points.
Students are allowed to drop their lowest test score from the first four tests. Everyone is required to take the final. Missed exams require a valid excuse with written verification that must be presented to the instructor within three days following the missed exam. Students who miss an exam without a valid excuse will receive a zero for that exam and this score will not be dropped. There are 450 points possible in the course.

Due to the size of the sections, the tests will be conducted using Scantron form 882. You are expected to purchase the Scantrons prior to arriving for the tests. Scantrons will not be provided.

**The final exam will be given at its scheduled time, in class.**

The following grading scale will apply to all items:

- 90 - 100%, A
- 80 - 89.99%, B
- 70 – 79.99%, C
- 60 - 69.99%, D
- less than 60%, F

**Practice Problems**

Students in the past have benefited from working a number of practice problems (in class with a partner or on their own outside of class). Students who (through persistence) catch on to the practice problems tend to do better on exams and exhibit a higher level of understanding in their papers. These problems can be accessed through the website provided by the publisher of the Gwartney text: [http://bit.ly/MtmTA](http://bit.ly/MtmTA)

**BlackBoard Assignments**

I am planning on missing class on November 17 and November 22 (and possibly one other day). Once confirmed, I will post assignments to BlackBoard for you to complete on those days. (If they are not confirmed, classes will meet at normally scheduled times.) You will be expected to access a computer during class time and complete the assignment posted to BlackBoard during class time.
Term Paper

Students are encouraged to submit an optional term paper to contribute to their final course grade. If you wish to write a term paper, you must notify me of this decision by October 8th to discuss possible topics and to go over the required format. A detailed outline will be required. The paper will be worth 100 points, and students choosing this option will be graded on a scale of 550 points. The paper will be due on Wednesday, December 1st. Complete instructions can be found at <http://www.jsu.edu/depart/ccba/cwestley/Paper1.pdf>.

Attendance

*Attendance is strongly encouraged*, as the material is cumulative in nature. This means that if a student misses some lectures, she or he will not make sense out of subsequent lectures. Attendance will be taken on most days. Test questions will be drawn from class notes, text, and readings, so no one should rely entirely upon a single source. If you miss class, it is your responsibility to get the notes from another student; I do not give out my notes.

Academic Integrity

It shouldn’t need to be stated that cheating will not be tolerated. Cheating is dishonest and diminishes the value of a JSU degree to your classmates and all those who have gone before you. Jacksonville State University expects students to pursue their academic work with honesty and integrity. The Academic Honesty Policy of the University, which is listed in the *JSU Student Handbook*, will be followed in this course. Any violation is grounds for an "F" in this course.

Each student agrees to the following statements of student behavior:
1. I agree that I, and only I, will be the one completing and submitting class materials (homework, exercises, exams, written projects, etc.) in my name.
2. I agree that I will not directly copy or plagiarize material from articles, books, publications, the Internet, other students’ work, or any other source. I am familiar with, and I agree not to violate, copyright laws. If small amounts of material from other sources are used as part of any class assignment, I agree to clearly indicate such and properly cite the source.
3. I agree that I will not share answers to homework assignments, quizzes, exams, or any other course material with fellow classmates.
4. I acknowledge that failure to comply with any of the above statements may result in failure of an assignment, removal from the course, failure in the course, and discipline action deemed appropriate by the instructor in his sole discretion and/or policies and procedures set forth by the JSU’s Academic Honor Policy found in the Student Handbook under the University Policies

Educational Accommodations

*Disability Accommodations Statement: Any individual who qualifies for reasonable accommodations under the Americans with Disabilities Act or Section 504 of the Rehabilitation Act of 1973 should contact the instructor immediately.*

Any student who receives failing grades during this course is urged to discuss this with the professor.
Order of Topics

- Introduction: The Economic Approach, Gwartney: 1
- The Economic Way of Thinking, Gwartney: 1
- Positive and Normative, Gwartney: 1
- Economic Tools and Property Rights, Gwartney: 2
- Division of Labor, Specialization, and Trade, Gwartney: 2
- Consumer Choice and the Law of Demand, Gwartney: 3
- Producer Choice and the Law of Supply, Gwartney: 3
- Supply and Demand Fundamentals, Gwartney: 3

Exam 1, September 15, Chapters 1-3
- Supply and Demand applications, Gwartney 4
- Economics and the Government, Gwartney 5
- Public Choice economics. Gwartney 6

Exam 2, October 6, Chapters 4-6
- Marginal Analysis and Marginal Thinking, Gwartney 7
- Substitution effects and Elasticities, Gwartney 7
- Intro to Market Models
- Short Run and Long Run Costs, Gwartney 8
- Diminishing Marginal Returns and Product Curves, Gwartney 8
- Returns to Scale, Gwartney 8
- “Price Takers” and Competitive Market Analysis, Gwartney 9
- Profit and Loss, Gwartney 9

Exam 3, October 27, Chapters 7-9
- “Price Searchers” and Monopoly Markets, Gwartney 10
- Common Market Barriers, Gwartney 10
- Price Discrimination, Gwartney 10
- Other Market Models, Gwartney 11
- Supply and Demand for Resources, Gwartney 12

Exam 4, December 1, Chapters 10-12

Note: This is a minimum number of chapters that we will cover. Some topics not explicitly addressed in the text will also be addressed. If time allows, we will cover one or two of the applied micro chapters that appear later in the text. Announcement regarding whether these chapters will be required will be made in class.

Final exam: December 6 @ 8:00 AM
Important Dates:
August 30, Tuesday           First day for this class
September 6, Tuesday        Last day for adding and dropping courses; last day for registering
September 15, Thursday      First test
October 6, Thursday          Second test
October 27, Thursday         Third test
November 1, Thursday         Last day to drop without academic penalty
November 18, Wednesday       Last day to drop passing or withdraw
November 17, Thursday        Class does not meet
November 22, Tuesday         Class does not meet
November 23-25               Thanksgiving Break
December 1, Thursday          Fourth test
December 1, Thursday          Last day for this class
December 6, Tuesday           Final exam @ 8:00am, in class

Any changes in class policy will be at the discretion of the instructor.