

PRINCIPLES OF MICROECONOMICS

Economics 202 Spring 2008. The class is held in Constant Hall 1064

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Office Hours: T,TH 2-4 p.m. W 10-12 a.m. and by appointment

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Course Web Site is on Old Dominion Blackboard

Textbook: Campbell R. McConnell and Stanley L. Brue, *Economics*, 17th Edition, McGraw-Hill Irwin, 2008.

Econ 202 will be an interesting, but challenging course. There is no prerequisite for the course except your desire to learn. The course concentrates on microeconomics---economic analysis that focuses on individuals or defined groups of people, as opposed to macroeconomics, which focuses on the entire economy. If you already have completed Econ 201, focusing on macroeconomics, that is not a problem. There will be some duplication of material (perhaps 20 percent), but most of the material in Econ 202 will be new. It doesn't make any difference whether you take Econ 201 or 202 first.

Economics provides a distinctive and very powerful way of looking at the world. At the end of this course, you should be able to explain and predict lots of real world behavior, ranging from why the price of gasoline goes up and down and the effects of minimum wage laws on employment, to the impact of globalization on your job and the effects of drug law enforcement on drug suppliers and users. We'll spend a little bit of time looking at a variety of interesting topics such as the economics of athletics and the where e-commerce and the dot.coms likely are headed.

The bottom line will always be your ability to use economic analysis to explain and predict what goes on around you. To help you develop those skills, we will do many exercises and problems. The more practice you have, the more skilled you will become. You'll do eleven small problems during the term (take-home, due next class period) and we'll have three exams during the term plus the final. You'll nearly always be doing something relating to economics, even though the assignment may be small. Hence, this is not a class that you'll be able to forget about for weeks on end.

If you have problems understanding the material, don't hesitate to meet with me after class, or to come to my office, or to give me a call, or to send me an e-mail. Don't get behind! The study of economics is cumulative, similar to a foreign

language. Usually, each new topic builds on the previous topics and thus you need to stay current. Therefore, it is a good idea to check things out with me if you don't understand a concept.

The final exam will be "open book, open notes." (The exams during the term are *not* open book, open notes.) After you have completed this class and are out in the world, you will have your book and notes available. Therefore, the final exam will be a good test whether you really can use the tools that have been presented in this class and in the textbook. This form of exam also underlines the fact that I am more interested in your ability to use economics and to analyze the world than in your doing a great deal of rote memorization. Of course, certain concepts must be memorized and mastered. Nonetheless, the payoff will be your ability to explain and predict everyday events. That's one of the reasons why often I will take my problem and test questions from the daily newspapers and magazines.

There is an Internet web site for this course on Blackboard. The address of the web site is: <http://www.blackboard.odu.edu>. Go to this site and click on "Principles of Economics." The course syllabus, problems, and other materials can be found there. The web site will help you out; however, it also means you won't be able to complain that you weren't in class to get the problems or handouts.

Problems are due at the *beginning* of the class immediately after the problem was distributed. You may send me your answer via e-mail, but the time of the e-mail cannot be later than the start of the class session (9:35 a.m. p.m.) on the due day. Problems will be graded on a ten-point scale and late problems will receive no higher than a five. However, I will eliminate the lowest individual problem score you earn on the eleven problems, so you can miss one problem if you wish. Note that all of these problems already are posted on Blackboard, so you'll have plenty of time to prepare your answers. If you're stumped by a problem, I'm willing to provide hints, though I won't answer the question for you.

I will not grade you on your attendance in class; however, you are responsible for *everything* that occurs in class, whether or not you choose to attend. From past experience, I can tell you that individuals who do not attend class typically do poorly in the class. We will cover lots of material in each class session, and some of that material will not be in the textbook. Therefore, your failure to attend will hurt you. But, that said, it's your decision.

Mid-Term and Final Examinations

We will have three midterm examinations. The first midterm likely will occur on February 12th; the second on March 25th, and the third on April 17th. These exams are conventional and you may not use your book, notes, or any electronic devices, including computers, Blackberries, or telephones during the exam. The final examination occurs on May 1st at 8:30 a.m. It is open book, open note. You may bring any supporting material to class that you wish, including answers you already

have developed. You may form study groups and pool your knowledge (or ignorance); however, once you enter the final examination room, all collusion must cease. All final examination questions will come from the list of questions I will post on Blackboard under the Final Examination icon.

Here is how your grade will be determined:

Mid-term Exam I	15%
Mid-term Exam II	15%
Mid-Term Exam III	15%
Problems	25%
Final Exam	30%

At the end of semester, I will total all of your scores on the eleven problems you have submitted to me; I'll eliminate your lowest score. Hence, I will be considering only your highest ten scores. I'll then assign a grade, but that grade will not be based on 90-100 = A, 80-90 = B, etc. That is, I will curve the grades on the problems.

Points earned on one examination are non-comparable to the points earned on another examination, or on the problems. Only the letter grade you receive on your examinations and problems counts. Your final grade will be based upon the letter grades I assign, not upon your point total.

Plagiarism, Etc.

Any work you submit to me must be your own work and not the work of others. If you utilize the work, data or thoughts of others to support your answer, then you must cite these other sources, e.g, the web site, or the book in your answer. Failure to do so constitutes a serious violation of the Old Dominion University Honor Code and appropriate discipline will be invoked. Note that you need not cite me.

Class Decorum and Behavior

Please be considerate of your fellow students. Arrive on time. If you are late, take a seat in the back. Turn off your cell phone, Blackberry, etc., before any class begins. No e-mailing, MySpace, Facebook, etc., is permitted in this classroom. If your cell phone disturbs the class, then you will be warned and will have to leave the class immediately on that day. A second instance will result in your removal from the class---permanently.

Contacting Me: Don't hesitate to contact me if you encounter difficulties or simply want to talk some economics. Feel free to call me at my office or my home. I teach other courses on Tuesday and Thursday evenings. Don't be limited by my office hours.

ONE: January 15 Introductory Concepts and Issues

Read: My Blackboard Lecture, “Introductory Concepts”

Note: January 18th is the last day a student can withdraw from a course with a 100% refund.

TWO: January 17 Production Possibilities Curves Read: Text, Chapter 1

Note: January 26th is the last day a student can withdraw and receive even a partial refund.

THREE: January 22 Market Systems and the Circular Flow Read: Text, Chapter 2

Problem I is due

FOUR: January 24 Supply and Demand

Read: Text, Chapter 3

FIVE: January 29 More Supply and Demand

1 Brad Stone, “Scalping, Aboveboard,” *New York Times*,” 14 June 2007.

SIX: January 31 More Supply and Demand

Read: Text, Chapter 18

Problem II due

SEVEN: February 5 More Supply and Demand

2 Hal R. Varian, “The Rapidly Changing Signs at the Gas Station Show Markets Work,” *New York Times* (24 August 2006).

EIGHT: February 7 More Supply and Demand

Read: Text, Chapter 19, including the Appendix

- 3 Richard Posner, "Should Congress Raise the Minimum Wage?" The Becker-Posner Blog, www.becker-posner-blog.com (26 November 2006).

Problem III due

NINE: February 12 **FIRST MID-TERM EXAM DURING THIS PERIOD**

TEN: February 14 **Costs and Diminishing Returns**

Read: Text, Chapter 20 and JVK Blackboard Lecture "Law of Diminishing Returns Discussion"

ELEVEN: February 19 **More on Costs and Diminishing Returns**

- 4 Bryan Bender, "Economists Say Cost of War Could Top \$2 Trillion," *Boston Globe* (8 January 2006).

TWELVE: February 21 **The Competitive Model**

Read: Text, Chapter 21

- 5 Debbie Messina, "'Southwest Effect' Has Driven Down Airfares in Norfolk," *Virginian-Pilot* (27 November 2003)

Problem IV due

THIRTEEN: February 26 **The Monopoly Model**

Read: Text, Chapter 22

- 6 Stephanie Kang, "New Options for Cheaper Textbooks," *Wall Street Journal*, 244 (24 August 2004), D1, ff.

FOURTEEN: February 28 **Monopolistic Competition and Oligopoly**

Read: Text, Chapter 23

7 Dan Seligman, "Ten Evil Monopolies," *Forbes*, 163 (19 April 1999), 70, ff.

FIFTEEN: March 4 **Technology, R&D and Efficiency**

Read: Text, Chapter 24

Problem V due

SIXTEEN: March 6

NO CLASS ON March 11 and 13.....SPRING VACATION

SEVENTEEN: March 18 **The Marginal Productivity Theory**

Read: Text, Chapter 25

EIGHTEEN: March 20 **Labor Markets and Wages**

Read: Text, Chapter 26

Problem VI due

NINETEEN: March 25 **Rent, Interest and Profits**

SECOND MID-TERM EXAM DURING THIS PERIOD

TWENTY: March 27 **Factor Market Applications**

Read: Chapter 27

TWENTY ONE: April 1

TWENTY TWO: April 3 **Market Failures, Externalities and**

Government Action

Read: Text, Chapter 28

TWENTY FOUR: April 8

More on the Role of Government

Problem VII due

TWENTY FIVE: April 10

Public Choice and Taxation

Read: Text, Chapter 29

TWENTY SIX: April 15

Economics of E-Commerce and the Internet

Read: JVK Blackboard Lecture “Elementary Economics of Information”

8 Nanette Byrnes, “More Clicks at the Bricks,” *Business Week* (17 December 2007), 50-1.

Problem VIII due

TWENTY SEVEN: April 17

THIRD MID-TERM EXAM DURING THIS PERIOD

TWENTY EIGHT: April 22

Agriculture, Price Supports and Ethanol;

Income Inequality and Poverty

Read: Text, Chapters 31 and 32

9 “The Corporate Welfare Congress,” *Wall Street Journal* (23 October 2007), A18.

Problem IX due

TWENTY NINE: April 24

Discrimination and Immigration

Read: Text, Chapter 34

Problem X due

THIRTY: April 29 International Economics

Read: Text, Chapters 35 and 36

Problem XI due

THIRTY ONE: May 1 FINAL EXAMINATION, 8:30 *a.m.*