ECO 204 Microeconomics and Literacy

Instructor: Dr. Joe Watkins
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Credits: 3

Required Text and Readings:
   Students who plan to take both macroeconomics and microeconomics may wish to purchase Principles of Economics by N. Gregory Mankiw ISBN-128516587X
   Previous editions of the book can also be used as well as electronic versions and/or rented books
   Contact the instructor if the cost of the book is prohibitive.

2. Additional sources will be used in class and distributed as necessary.

Microeconomics and Business is the study of how individuals, households and firms make economic decisions and how they interact in markets as well as how they are impacted by government and international trade. The course includes a study of how costs are determined by the economist, a study of the four market structures, fundamentals of government policy options and the tax system. In addition, the course includes an examination of current economic issues which are frequently in the news and which continually influence economic decision making on the part of individuals, businesses and government. Macroeconomics is a prerequisite for microeconomics and students are assumed to understand basic economic concepts such as comparative advantage, supply and demand, elasticity and the effects of price controls prior to taking microeconomics.

Course Description:
The successful application of modern economics depends on the participation of economically literate citizens. An economically literate citizen should be able to identify problems, gather relevant information, weigh costs and benefits, analyze incentives and make choices. Students successfully completing this course will be able to comprehend and use basic economic concepts, understand costs as used in microeconomics, interpret microeconomic data and explain how individuals and firms make economic decisions as well as how governments and global forces influence those decisions.

Students will:
Understand fundamental concepts used in economic thinking.
Know producer and consumer surplus and how it relates to market efficiency.
Gain tools and concepts useful for analyzing government economic policy.
Be able to analyze the tax system and identify tax incidence.
Understand gains from international trade as well as potential winners and losers.
Be able to identify positive and negative externalities and their impact on policy.
Evaluate the management of public goods and common resources.
Understand costs of production as determined in economics.
Be able to contrast perfect and imperfect competition.
Be able to compare monopoly with firms in competitive markets.
Understand oligopoly and the role of game theory.
Know why monopolistic competition is preferred over pure competition.
Understand how the market determines the demand for labor and other inputs.
Evaluate forces that influence income distribution, inequality and poverty.
Evaluate trends in income distribution.

**Reading, writing and exam schedule:**

**** Students will write one formal paper for the course. The paper will be an analysis of an article provided by the instructor. The paper should be approximately 500 words in length. The first part of the paper should be a summary of the content in the paper while the second part should be a critique of the ideas presented in the paper. You should state whether you agree or disagree with the author’s work and conclusions using the tools of economic analysis being learned in class.

**Four exams will be given. There will not be a comprehensive final exam.**

**Session # 1**
Date: _______________

Chapter 7 – Producers and the Efficiency of Markets and Chapter 8 -- Application: The Costs of Taxation will be covered. If possible please read those chapters before the first session.

Class activities: Power Point slides and study guides

Discussion topics: Why does the market provide maximum consumer welfare?
How do taxes affect quantity produced and prices?
What is an optimum level of taxation?

**Session # 2**
Date: _______________

Chapter 9 – Application: International Trade and Chapter 10 -- Externalities will be covered in class. Please read those chapters prior to the beginning of class.

Class activities: Power Point slides and study guides

Discussion topics: How does trade increase consumer & producer welfare:
Are there valid arguments for restricting trade?
How do we get more positive externalities and fewer negative externalities?

Session # 3
Date: _______________

** Exam #1** An exam on chapters 7, 8, 9, and 10 will be given. The exam will include objective and essay questions.

Chapter 11 -- Public Goods and Common Resources and Chapter 12 -- The Design of the Tax System will be covered in class. Please read those chapters prior to the beginning of class.

Class activities: Power Point slides and study guides

Discussion topics: What are public goods and how should they be provided?
What constitutes a “good tax system” and how can we improve the one we have?

Session # 4
Date: _______________

Chapter 13 – The Costs of Production and Chapter 14 – Firms in Competitive Markets will be covered in class. Please read those chapters prior to the beginning of class.

Class activities: Power Point slides and study guides

Discussion topics: How do accounting costs and economic costs differ?
Why is perfect competition considered ideal by economists but not preferred in the “real” world?

Session # 5
Date: _______________

** Exam # 2** An exam on chapters 11, 12, 13 and 14 will be given. The exam will include objective and essay questions.

Chapter 15 – Monopoly and Chapter 16 -- Monopolistic Competition will be covered in class. Please read those chapters prior to the beginning of class.

****Students will receive the reading for the formal paper.
Class activities:  Power Point slides and study guides

Discussion topics  Why does the monopolist produce too little and charge too much?
                  Why do consumers like monopolistic competition?

**Session # 6**
Date: _______________

Chapter 17 – Oligopoly and Chapter 18 -- Market for the Factors of Production will be covered in class. Please read those chapters prior to the beginning of class.

Class activities:  Power Point slides and study guides

Discussion topics:  How does game theory explain behavior in oligopoly?
                  How does the market determine compensation for work and risk?

**Session # 7**
Date: _______________

**Exam # 3**  An exam on chapters 15, 16, 17 and 18 will be given. The exam will include objective and essay questions.

Chapter 19 – Earnings and Discrimination and Chapter 20 -- Income Inequality and Poverty will be covered in class. Please read those chapters prior to the beginning of class.

Discussion topics:  How is income and wealth distributed in the United States?
                  What are the trends in income distribution?

**** The formal paper will be due.

**Session # 8**
Date: _______________

**Exam # 4**  An exam on chapters 19 & 20 will be given. The exam will include objective and essay questions.
Time will be provided to discuss any special topics and complete any unfinished business.

Formal papers will be returned. Students may be asked to defend their paper orally with the instructor and/or the class.

**Course Policies:**

1. **Evaluation** – Four exams will be given. In addition students will write a formal paper in which they will use economic concepts to analyze current issues. Also students will write a summary of all video materials used in class. Grades will be based on the exam scores, the written paper, and the classroom/participation grade.

2. **Attendance** – This course will cover extensive content in only eight sessions over eight weeks. Attendance at all sessions is extremely important. Any student who anticipates missing more than two sessions **should not enroll** in this course. A student may miss one session with no penalty, but they are responsible for all work covered in that session. A student who misses two sessions will have their grade lowered by one grade point. A student who misses more than two sessions will not receive credit in the course. Please discuss any attendance issues with the instructor.

3. **Planning for success** – Many students find economics difficult, particularly when studied in an eight week format which requires an exposure to a multiple complex topics in a short period of time. Please allow enough time to read and study each week. As you encounter questions please record them and present them in class. Other students are probably struggling with the same questions. The instructor will meet with students before class, after class or by appointment to provide extra help. Please ask!!

4. **Grading:**

   - 100-90 = A
   - 89-80 = B
   - 79-70 = C
   - 69-60 = D
   - <60 = F

5. **Academic Integrity Policy** – The Doane College Academic Integrity Policy will be adhered to in this class. All tests and papers must represent your own work. Any use of other people's ideas and words without proper citation of sources is plagiarism and will result in a loss of credit for that assignment and the violation will be referred to school authorities to determine other disciplinary response.

6. **Criteria for Success -** To succeed in this course students must be able to read college level economic material, use basic mathematical concepts, take good notes, communicate effectively on essay exams as well as formal papers and apply economic reasoning.