ECO 204 Microeconomics and Literacy

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Credits: 3

Foundational Area of Knowledge:  
ECO 204 Microeconomics and Literacy fulfills the requirement for a Foundational Area of Knowledge in Community and Identity. Courses that fulfill this area enable students to gain a greater understanding of themselves and the communities in which they live and work, and how identity is formed through the interaction of the individual and larger society.

Learning Outcomes - Students will work to:
☐ explore dimensions of human experience with regard to perceptions of self  
☐ understand how individuals interact to form communities and social structures  
☐ analyze the practical and ethical implications of interactions between individuals and those social structures

The content of ECO 204 addresses all three of these learning outcomes with greatest emphasis on outcomes 2 and 3.

Intended Audience: Students completing an undergraduate degree

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 978-1-285-165875  
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. The influence of markets, government policy and international trade on economic activity and outcomes are examined. 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. 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 must be approximately 500 words in length. The first part of the paper should be a summary of the content in the article and the second part a critique of the ideas presented in the paper. The student must identify whether they 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?

Submit: Economic Reasoning Assignment

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”? How can we improve the tax system in the United States?

Submit: Economic Reasoning Assignment
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?

Submit: Economic Reasoning Assignment

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?

Submit: Economic Reasoning Assignment

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?

Submit: Economic Reasoning Assignment
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.

Submit: Economic Reasoning Assignment

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. Students will write a formal paper in which they will use economic concepts to analyze a current issue. Students will submit “economic reasoning assignments”. A grade will be given for completion of classroom work and activities to include “economic reasoning’s assignments”. The final grade will be the average of the four exam scores, the paper grade and the classwork/participation grade. A student who does not complete each of the above listed requirements will be given an incomplete. An incomplete becomes a failing grade as per the time line determined by Doane College.

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 or more sessions must confer with the
instructor to arrange learning alternatives and/or be subject to having their grade lowered or not receiving credit. 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 penalties to be determined by the instructor and Doane College officials.

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