

Economics 2306: Principles of Microeconomics Fall 2004

Administrative Information

Professor: Dr. Tisha Emerson

Office: HCB 367

Office hours: M 8:00am-10:00pm & TTh 9:30am-11:00pm, and by appointment

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Lecture: TTh, 11:00-12:20am, HCB 307



Course Outline

Principal Aim of the Course: The principal focus of this course is on the behavior of individual agents in the economy -- consumers, households, and businesses. We learn about how markets work and how individuals make decisions when faced with scarce resources. We also address the objectives and the limits of government policy. Students learn the elements of modern economic theory and how to apply it to understand the economic problems of the day and to evaluate the possible solutions. To this end, students are responsible for reading the economics, business, international, and domestic news pages of a daily newspaper (the *New York Times*, *Los Angeles Times*, and the *Wall Street Journal* are particularly recommended) as well as one weekly news magazine (*The Economist*, *Time*, *Newsweek*, *U.S. News and World Report*).

Methodology: The course is methodological in emphasis. We will use both theoretical and empirical approaches to solve problems in class and students will use similar approaches in problem sets, daily quizzes, and exams. In particular, the class will engage in nine economic experiments that will illustrate various economic concepts.

Learning: To fully gain from the class, good learning techniques are to be adopted. These are regular attendance, continuous reading and frequent practice at applying the theory that you have learned. Good preparation includes studying class notes from the previous period prior to attending class. A premium is placed on logical thinking, to use what you have learned to work through a problem that you may not have seen before; rote memorization is not enough.

The following policies regarding assignments, attendance and grading are aimed at promoting good learning, and the most effective use of class time. **These policies are administered without exceptions for individual students. This is to insure that ALL students are treated equally.** Further, all students are expected to follow the honor code and to conduct themselves with honest and integrity. In particular, cheating and plagiarism in any form will not be tolerated and will result in an automatic assignment of an F for the course. If you are not familiar with the honor code, see the Student Handbook (http://www3.baylor.edu/StudentHandbook/pp_constitution.htm).

Text: Baumol and Blinder's *Microeconomics: Principles and Policy* (9th ed, 2003, South-Western College Publishing), the companion study guide (*Study Guide to Microeconomics: Principles and Policy*, 9th ed, 2003, South-Western College Publishing). The University Bookstore has this text in stock. Each student is expected to acquire a copy of the text. The chapters we will be covering will be mentioned in class, and are indicated on the course outline that follows. Please note that simple definitions and concepts will not be covered in class, but you are expected to learn these materials through your reading. This allows more time for explaining more complex concepts and practicing applying theories learned in class to current issues. Students are expected to read the chapters ahead of time and be prepared to discuss them during class time. Make good use of your text, it is a valuable resource!

Blackboard. An additional resource available to students is the class Blackboard site, which can be accessed through the World Wide Web at <http://my.baylor.edu>. Through this site students have 24-hour access to a great deal of information on the class. Items available through the site include but are not limited to the course outline and syllabus, problem sets, quizzes, and answer keys. Also, through e-mail you have greater access to the instructor. E-mailed questions are usually answered within 24 hours as I frequently check my e-mail. Technology is a wonderful thing – make use of this resource!

Daily Quizzes. At the very beginning of each class, we will have a short quiz covering the assigned reading and/or practice problems for that day.

Problem Sets. For each class meeting, work has been assigned, and is indicated on the schedule. These include reading and problems of the sort that can be expected on midterms and finals. Students are required to prepare the assignments, including written answers to problems *in advance* of the class meeting, and must bring the prepared problems to class. Students are responsible for the full assignment. Assignments are indicated on the schedule that follows. *No late assignments will be accepted.*

Social Responsibility Presentation. Students will form five groups and each group will give a presentation on one of the five social responsibility readings. Each group will have 15 minutes for their presentation and each student must participate in the actual presentation as well as in the preparation of each presentation. Presentation may employ any form of visual aid that the group deems most appropriate (e.g. PowerPoint, overheads, posters, etc.). Groups are also responsible for creating a handout for the class summarizing the main points of their article. Handouts must be TYPED.

Exams. The midterm exams will each consist of several multiple choice and short essay/problem questions. The final exam will consist of a section of departmental multiple choice questions and a second section of several short essay/problem questions of the type asked in the midterms. The final exam will be cumulative.

Attendance. Students are expected to attend *all* scheduled lectures. Students are expected to be on time for class and stay for the entire period. If your schedule does not allow this, *do not take this class*. Students may not leave early unless permission is granted *before* class starts. No tape recording is allowed for any purpose, because part of good learning includes taking one's own class notes. Furthermore, you should note that the policy of the university requires that students attend at least 75% of all class sessions in order to receive credit for a course. This policy (as all university policies) will be strictly adhered to and thus any student accumulating 8 or more absences will receive a failing grade for the course **regardless** of their performance on problem sets, daily quizzes, and exams.

Grading. Grades are based on a final, two midterms, eleven problem sets, and daily quizzes. *Students are required to submit all problem sets and take all exams. Late problem sets will not be accepted and there are no makeups for daily quizzes (but the lowest problem set score and the three lowest daily quiz scores will be dropped). If you should miss an exam, it will be treated in one of two ways. You may provide written, credible evidence from a professional explaining why you did not take an online quiz or exam. An example is a doctor's letter or a police report explaining the circumstances surrounding your absence. You must also provide a phone number for the person who wrote the explanation for me to contact (and I will call). If you miss an exam, you will receive the average of the other exam and the final exam (adjusted to a 100 point scale) in place of the exam you missed. Absent written and telephone explanations, you will receive a zero for the exam. If you were to miss more than one exam with legitimate excuses, an incomplete will be issued to you for the course. No matter what the reason, there will be no excuse accepted for missing the final exam; a student missing the final exam will receive a grade of zero.* There are a total of 500 points possible throughout the semester distributed as follows: final (120), midterm 1 (100), midterm 2 (100), problem sets (10 points each for a total of 100), social responsibility presentation and handout (10), and daily quizzes (70).

In general, final letter grades are assigned following a standard grading scale (e.g. 90-100 A, 80-89 B, etc.). Your final score in the class is calculated as the percentage of the total possible points that you earn (e.g. if you earn 425 points out of the 500 possible, you have earned an 85).

Extra Credit. In order for the class experiments to work properly, students must actively participate in the experiments. As you will see throughout the semester, incentives are important in directing the behavior of economic agents. Thus, to encourage your participation, there is a pool of 100 extra credit percentage points. These points will be distributed at the end of the semester so that your individual portion will be the percentage of the total class earnings (in all experiments) that you earn (i.e. if you earn 5% of total class earnings in the experiments, then you will receive 5 extra credit percentage points ... taking the 85 in the example above to a 90).

Tentative Schedule of Topics, Assignments and Exams

Schedule. There are two midterm exams, eleven problem sets, daily quizzes, and a final exam scheduled. Each midterm exam is held in class on the date indicated and the problem sets are due on the indicated dates – all dates are given in the **tentative** schedule below. The chapter numbers refer to the text: Baumol and Blinder, *Microeconomics: Principles and Policy* (9th ed, 2003, South-Western College Publishing).

** Please note that this is a **tentative** schedule and may be adjusted if the progress of the class warrants such a change. If any adjustments are made, these will be announced in class.*

Week by Week*

Week 1

8/24	Introduction to Microeconomics and Exchange Exercise	Chapter 1 (pp. 8-13) and appendix
8/26	Scarcity and Choice	Chapter 2 (pp. 19-27)

Week 2

8/31	Experiment: Supply and Demand	Experiment 1 Warm-up Problem Set 1 due
9/2	Demand and Supply	Chapter 3 (pp. 33-47)

Week 3

9/7	Experiment: Minimum Wage	Experiment 2 Warm-up Problem Set 2 due
9/9	Restraining the Market	Chapters 3 (pp. 47-53)

Week 4

9/14	Experiment: Sales Tax	Experiment 3 Warm-up Problem Set 3 due
9/16	Supply, Demand, and Government Policies	Chapters 19

Week 5

9/21	Consumer Choice	Chapter 4 Problem Set 4 due
9/23	Elasticity and Its Application	Chapter 5 (pp. 83-91)

Week 6

9/28	Practice with Elasticity	Chapter 5 (pp. 91-98)
	Review	Problem Set 5 due
9/30		Midterm 1 (1-5, 19)

Week 7

10/5	Experiment: Measuring Productivity	Experiment 4 Warm-up
10/7	Productivity	Chapters 6

Week 8

10/12	Experiment: Entry and Exit	Experiment 5 Warm-up Problem Set 6 due
10/14	Productivity	Chapter 7

* tentative

Week 9

10/19 Perfect Competition

Chapters 8, 9

Problem Set 7 due

10/21 Experiment: Monopolies

Experiment 6 Warm-up

Week 10

10/26 Monopoly

Chapter 10

Problem Set 8 due

10/28 Monopolistic Competition

Chapter 11 (pp. 209-215)

Week 1111/2 Experiment: Prisoner's Dilemma
Game Theory

Experiment 7 Warm-up

11/4 Game Theory and Oligopoly
ReviewChapter 11 (pp. 215-221, 223-228) and
Game Theory Handout**Problem set 9 due****Week 12**11/9 **Midterm 2 (6-11, Game Theory Handout)**

11/11 Experiment: Externalities

Experiment 8 Warm-up

Week 13

11/16 Externalities and the Environment

Chapters 12 (pp. 231-242), 20

11/18 Experiment: Comparative Advantage

Experiment 9 Warm-up

Problem Set 10 due**Week 14**

11/23 Comparative Advantage and Trade

Chapters 2 (pp. 27-31), 21

11/25 **Thanksgiving Break****Week 15**

11/30 Social Responsibility Presentations

Blank, Birnie, and Tiemstra Articles

12/2 Social Responsibility Presentations

Problem Set 11 due

Sen Articles

Week 16

12/7 Study day: Optional review session 9:00-10:00am

12/10 **Final Exam, 11:30am-1:30pm****Final notes:**

- Starting summer 2002, students must receive a grade of C or better in any lower level (freshman or sophomore) core business class that is a pre-requisite for another business class in order to be eligible for admission to the Hankamer School of Business. These classes are BUS 1301, ISY 1305, ACC 2303, ACC 2304, ECO 2306, ECO 2307, QBA 2302, and QBA 2305.
- The policy of the Business School is that no food or drink (other than water) is allowed in classrooms. This policy will be strictly enforced so as to maintain the quality of our facilities. Thank you in advance for your cooperation.