

Principles of Microeconomics

Econ 101-02, Spring 2009

2:50 pm on Mondays & Thursdays and Alt-1 Wednesdays at 2:15

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Office Hours:
Mon. 9:30-10:30; Thurs.
after class (4-5 pm),
& by appointment

COURSE DESCRIPTION:

OVERVIEW: This course is a survey of microeconomics. Microeconomics focuses on the activities of households and firms, in contrast to macroeconomics, which focuses on the economy as a whole. Studying microeconomics can give us perspective on our own economic decisions, as well as inform us as citizens about important political economic issues, including microeconomic policy. The course structure is straightforward. After a brief introductory section, we will study the simple supply and demand model, and then look at the economic behavior of individuals and households in consumption and in labor markets. Then we will focus on firms. The final section will study problems with the market economy, and reasons for and forms of government intervention in markets.

STUDYING MULTIPLE MICROECONOMIC THEORIES: This section will survey a broader range of microeconomic theories than other sections do. While theories which are currently in the mainstream of economics will be at the center of our study together, and will be studied fully using a traditional textbook, we will also study some nontraditional theories. To accommodate this breadth, this course meets on alternative Wednesdays as well. Students who want an exclusively mainstream approach should consider changing sections.

FOCUS ON ECONOMIC PROBLEMS AND TRANSFORMATION: This section will take as a basic assumption that, in spite of its many benefits and achievements, such as individual freedom of choice, growing equality of economic opportunity for women and people of color, and technological innovation, our economic system also has serious problems, including climate change, persistent poverty and economic inequality, and excessive materialism and alienation. Thus, we will study both what works well in our economy, as well as pressing economically-rooted problems, and some possible solutions to them.

LECTURE, DISCUSSION, AND "COLD-CALLING": I teach with a mixture of lecture, questions, and discussion. Sometimes I will call on students by name who haven't raised their hands. I do this to create greater participation in the classroom. If you have difficulty with this method, please contact me and we'll see if we can work out another way for you to participate in class discussion.

COURSE ASSIGNMENTS:

READINGS: Below is a detailed course outline with readings; readings with an * are not required. Our core text book is Karl (Chip) Case and Ray Fair, Principles of Microeconomics, 8th edition (7th edition is also OK, but less current in its examples. Chip Case teaches in Wellesley's economics department. All other readings will be available on the Econ 101-04-S08 Course Conference, either in the E-Reserves subconference, in the HANDOUTS AND READINGS folder, or at Knapp Reserve. Try to do the reading before the associated class, but don't expect always to understand it all; often, especially with technical material in the text, it is helpful to look at a reading again after the relevant class.

The course outline is a plan for the semester, a plan which is not set in stone. Problem Sets and examinations will be scheduled as per the syllabus. However, the dates on which we actually discuss the topic and its related assigned readings may vary by one or two classes from the syllabus date, according to the pace at which students are learning the material, and their needs for discussion. If you want to keep your reading from piling up, doing it for the date on the syllabus is your best option; if we are behind and you want to wait to read the readings right before the class where we discuss them, then you are welcome to do so. Of course, feel free to check in with me if you are confused as to where we are on the syllabus.

ATTENDANCE AND CLASS PARTICIPATION: Because your attendance and participation in the class are an important part of your learning process, and also contribute to the learning of your classmates, class participation will count for 10% of your final grade. I am looking for constructive and thoughtful class participation. This includes questions and comments which extend or apply the material in class, as well as those that let me know that you don't understand what's being presented (if you're lost, others probably are as well!) It also includes participation in the course conference – posts of comments and articles relevant to the class are most welcome, and contribute to everyone's learning.

PROBLEM SETS: You are required to complete eight problem sets during the course of the semester. I will post the problem sets before all the relevant material has been discussed in order to give you more time to work on them; posting and due dates are on the syllabus. You are welcome to work on the problem sets with your classmates, but you should write out your answers yourself. If you hand them in on time, your problem sets will be checked over (but not graded) by our class Teaching Assistants, Emily Scofield and Alex Davis, former 101 students of mine. Besides the comments on your problem set, suggested answers will be posted in the course conference after problem sets are turned in. **Make sure to check over the suggested answers**, which complement our feedback on your problem sets. One point will be deducted from your final grade for any problem set which you don't hand in.

JOURNAL: Seven times throughout the course, as marked on the syllabus, I will ask you to journal about the topics we are studying. Each entry should be at least one page hand-written or double-spaced typed, unless otherwise specified. Journal entries can be free flowing, even stream of consciousness – or very focused and analytical, but they should include your own reflections on your learning experience in the course. Journaling will help you process and develop your growing understanding of economics and how it applies to your own life. Journals should be typed in an e-file and posted on the journal subconference before the class in question (note: only I will be able to read posted e-journals). Also, be sure to print out a copy of your journal and bring it to class for discussion. Journals are required, but ungraded; one-half point will be deducted from your final grade for each journal entry posted late, and 1 point for any journal that is not posted.

AFFLUENZA AND ME BLOG AND COMMENTS: After watching the movie “Affluenza,” and studying and journaling on consumerism and well-being, you will write a blog (max. equivalent of 1-2 double-spaced typed pages) on your relationship to consumerism, and post it on the TransformationCentral.org website, due at midnight on Sunday, March 8. Then students will comment on at least one of their fellow students’ blogs by midnight March 9. You should also post your blog, and your comment (along with the author’s name and text of the blog you commented on), on the “Affluenza and Me” course subconference, to back up your website posting. You can use a pseudonym if you want for your posting (if you do so, be sure to provide me with that information). Your blog and comments will be graded credit/non; if you receive no credit, you will have a chance to revise your work.

EXAMINATIONS: There will be two in-class “hourly” examinations, March 12 and April 23, and a final, self-scheduled examination. The hourlies will cover the first and second third of the class, respectively; the final examination will cover the material in the entire course, with emphasis on the last part. If your grade on an hourly examination is less than 80 or B-, you can rewrite the questions you lost points on to raise your grade (and learn the material!). If you choose to redo your exam, your grade will be changed to 60% of your original hourly grade plus 40% of your rewrite grade – or an 80 (B-), whichever is lower. Rewrites are due one week after your exams are returned to you; be sure to hand your original exam in with the rewrite. I will post answers to the hourlies after the rewrites are handed in.

GRADING: The numbers I assign to your work translate into grades as follows: A = 93 or higher, A- = 90 – 92, B+ = 87-89, B = 83-86, B- = 80-82 and so on (all decimals will be rounded down). Classroom participation, or clear signs of an improving trend, can affect a borderline grade. For your final grade, the hourlies will each count 27.5%, the final 35%, and class participation 10%. One point will be deducted from your final grade for any missing problem sets; one-half point for a late journal; and one point for a missing journal. As a rule, I do not grade “on the curve,” but in accordance with college policy, final grades will be adjusted downward, if necessary, to create a median of B+ or below.

OTHER USEFUL INFORMATION:

THE ECON HELP ROOM, A great place to work on your problem sets, or study for exams, is the Econ Help Room. The Help Room, in PNW116 and/or 117, will be staffed with a 101 tutors from 7:30 -9 pm on Mondays through Thursdays throughout the term and reading period. Each night, there will be a 101 tutor available to help you with microeconomics, and one or two nights, our class TA's, Emily and/or Alex, will be available. The Econ Help Room is a great place to work on your problem sets with your fellow students as well.

FIRST CLASS CONFERENCE: Our class conference is a key way for all of us to communicate with one another outside of class. There is a main discussion conference, on which all of us can extend class discussion, or post relevant articles or links, or ask for help from classmates or our TA's (Carolyn will be checking it periodically; if you want to contact me, also email me directly). I will post any important course notices on the **Important Notices** subconference, which you should check regularly. There are also subconferences for e-reserve readings, problems sets, and for general hand-outs and other readings, as well as to post your journals. Please check our course conference regularly.

COMMUNICATING WITH ME: If you need to reach me quickly, please email your post directly to me, as well as posting it on the conference. If my mailbox is full, call me at x2181. Calls are always welcome (x2181), as well as impromptu office visits (PNE 423), as long as you understand that I might not be available for more than a brief check in if you don't have an appointment. I welcome questions, discussions, positive feedback, and constructive criticism – your suggestions on how to improve the class – at any time during the semester, including anonymous notes in my mailbox. Please don't wait for the SEQ's to give me feedback that could help me improve the class.

MEETING WITH ME: My regular office hours are Mondays, 9:30-10:30 am, and directly after class on Thursdays, from 4-5 pm. If you can't come during my office hours, please make an appointment with me by email or phone or before or after class so that I can be sure to be available. Try to come by and talk at least once during the term, so I can get to know you better, or come to one of the class lunches (see below).

STUDENT COLLABORATION: Many students learn best by working with other students in a teaching, learning, or co-learning capacity. Many students like to work on their problem sets with other students, and I encourage you to do so, but please write out your answers yourself. Students also like to form formal or informal study groups to prepare for exams. You can use the time before or after class, the lunches, or the course conference to indicate your interest in forming problem set or study groups – I will also post a class list early in the semester so that you can directly contact students in your dorm, or whom you are getting to know through class. The Econ Help Room is a good place to study together, or to find students to study with. If you are having difficulties hooking up with other students, let me know and I'll do what I can to help.

INDIVIDUAL TUTORING: The Econ Help Center, and my office, are the first places to go for help. I can also help arrange some one-on-one tutoring sessions for you; contact me and/or the PLTC (Pforzheimer Learning and Teaching Center at www.wellesley.edu/PLTC). I will also contact you if I think you could benefit from some extra, tutoring help.

MORE PROBLEMS: More exercises and problems, including the answers to the even-numbered problems in the text, are available at www.prenhall.com/casefair. Using the access code that comes with your book, more problems and chapter notes are available at this website.

TEACHING ASSISTANTS: As I have already noted, our class has two teaching assistants – Alex Davis and Emily Scofield -- who took this class last spring. They will be available in the Help Room some nights. They will also check over your problem sets, provide comments, and “grade” them (check, check minus, or check plus). I will also check over at least one of your problem sets. Be sure to also check your problem set against the posted answers, in case we miss something. Problem set grades are informational only; they will not affect your final grade.

LUNCHES: I will set up occasional lunches with students in the dorms where we can talk informally and get to know one another better.

PRINCIPLES OF MICROECONOMICS COURSE OUTLINE AND READINGS

ECON 101-04, Fall 2007, Professor Julie Matthaei

IMPORTANT NOTES:

Reading with an * are recommended but not required
C&F is Case and Fair text, 8th edition

I. INTRODUCTION

1. Introductions 2/2

2. The Scope and Method of Economics 2/4

Case & Fair (C&F), Ch. 1, "The Scope and Method of Economics."

Read the syllabus carefully and bring any questions or issues to class

Fill in the "About Me" form in the "About Me" subconference and post it in that subconference

Write in your journal about an economic problem you're concerned with, and ideas of what you might be able to do about it, and post it in the journal subconference

3 and 4. Scope and Method (continued) and the Economic Problem 2/5 and 2/9

C&F, Ch. 2, "The Economic Problem: Scarcity and Choice," and read Ch. 3, pp. 48-50 (43-46 in 7th)

"Circular Flow of Economic Life, Revised" (Hand-Outs subconference)

PROBLEM SET 1 POSTED on 2/5, covering classes 1-4, Due Class 5

II. THE SIMPLE SUPPLY AND DEMAND MODEL

5. Demand, Supply, and the Market: A Simple Model I 2/12

C&F, Ch. 3, "Demand, Supply and Market Equilibrium," and pages 114-116 on assumptions of perfect competition (in 7th edition, pp. 102-104)

PROBLEM SET 1 DUE, ANSWERS POSTED

6. Demand, Supply, and the Market: A Simple Model II 2/18

Same as class 4; you can read ahead on elasticity, Ch. 5, if you like

PROBLEM SET 1 RETURNED

PROBLEM SET 2 POSTED, covering classes 5-7, Due Class 8

7. Demand, Supply, and Elasticity 2/19

C&F, Ch. 4, "Demand and Supply Applications," and Ch. 5, "Elasticity." (in 7th edition, Ch. 4 only)

III. INDIVIDUAL AND HOUSEHOLD ECONOMIC BEHAVIOR: CONSUMPTION AND WORK CHOICES

8. Consumer Choice: The Mainstream View of Consumption I 2/23

Write in your journal about useful things you have learned from the simple supply and demand model

C&F, Ch. 5, "Household Behavior and Consumer Choice," pp. 113-130, (pp. 104-115 in 7th edition), plus special appendix on indifference curves

PROBLEM SET 2 DUE, ANSWERS POSTED

9. Consumer Choice: The Mainstream View of Consumption II 2/26

C&F, Ch. 5, "Household Behavior and Consumer Choice," special appendix on indifference curves

PROBLEM SET 2 RETURNED

PROBLEM SET 3 POSTED, DUE CLASS 12 (NOTE: QUESTIONS 6-8 ARE ON CLASSES 10-12)

10. Consumerism, Materialism, and Well-Being: The Problem of Affluenza 3/2

Check out one of the following websites: the "Escape from Affluenza" website, at <http://www.pbs.org/kcts/affluenza/escape/action/index.html>; the Center for a New American Dream www.newdream.org; Seeds of Simplicity www.seedsofsimplicity.org; Coop America <http://www.coopamerica.org/> on consuming; Green Money, <http://www.greenmoneyjournal.com/>; Adbusters <http://adbusters.org>

* Joe Dominguez and Vicki Robin, Your Money or Your Life (Knapp)

* Julie Schor, The Overspent American (Knapp)

MOVIE: "Affluenza"

11. In-Class Discussion and Debate about Affluenza 3/4

Write in your journal about the movie, today's readings, the website you visited (see below), and/or your experience with affluenza, and bring to class

C&F, Ch. 14, pp. 303-306.

P.A. Payutto, Buddhist Economics: A Middle Way for the Marketplace, Ch. 2, and Ch. 3, pp. 39-46.

John Kenneth Galbraith, The Affluent Society, Ch. XI, "The Dependence Effect."

REVIEW SESSION FOR FIRST HOURLY SCHEDULED

12. Household Choice in Input Markets 3/5

C&F, Ch. 5, "Household Behavior and Consumer Choice," pp. 130-134 (pp. 115-120 in 7th ed).

* Barbara Brandt, "Less is more: A call for shorter work hours," Utne Reader July/August 1991

Check out the Graduation Pledge website <http://www.graduationpledge.org/>, and/or Idealist.org.

PROBLEM SET 3 DUE; ANSWERS POSTED

SUNDAY, March 8, at midnight: AFFLUENZA BLOG DUE, posted to TransformationCentral.org and to course conference; late posts will be penalized

IV. THE GOALS OF FIRMS, THE BEHAVIOR OF FIRMS IN DIFFERENT MARKET STRUCTURES, AND THE CASE FOR AND AGAINST GOVERNMENT REGULATION OF FIRMS

13. Firms' Motivations 3/9

C&F, Ch. 7, "The Production Process: The Behavior of Profit-Maximizing Firms," pp. 146-151 (129-136 in 7th ed)

Judy Wicks, Founder and Manager of the White Dog Café, "Business is Beautiful" Spring 2003, Hand-Outs subconference

Check out Businesses for Social Responsibility,

<http://www.bsr.org/BSRResources/ExternalResources.cfm#49142>

or Business Alliance for Local Living Economies, <http://livingeconomies.org>

"Forms of Private Business Organization," Hand-Outs subconference

PROBLEM SET 3 RETURNED

AFFLUENZA AND ME COMMENTS DUE by midnight, to TransformationCentral.org and course subconference

REVIEW CONCEPTS POSTED

OPTIONAL REVIEW SESSION

14. First Hourly Examination, on Parts I-III, Classes 1-12 3/12

15. Technology and the Production Process I 3/16

C&F, Ch. 7, "The Production Process: The Behavior of Profit-Maximizing Firms," pp. 151-164 (136-149 in 7th ed), including appendix on isoquants and isocosts.

PROBLEM SET 4 POSTED, COVERING CLASSES 13 AND 15; DUE in Matthaei Mailbox, Thursday, March 19, at 4 pm

16. Technology and the Production Process II: Green Technology 3/18

Paul Hawken and Amory Lovins, Natural Capitalism, Ch. 1

Read about at least one alternative technology project from the following websites, or find another:

Solar Decathlon, <http://www.solardecathlon.org/>

Zero Emissions Research and Initiatives website, <http://www.zeri.org/>, Case Studies

Joel Salatin, "Pastured Poultry: The Polyface Farm Model,"

<http://www.westonaprice.org/farming/pasturedpoultry.html>

Idaho National E & E Laboratory, "New Technology Turns French Fry Oil Into Diesel Fuel," Science Daily,

<http://www.sciencedaily.com/releases/1999/03/990311055719.htm>

Rocky Mountain Institute Website, www.rmi.org

MOVIE: Who Killed the Electric Car?

THURSDAY, MARCH 19, NO CLASS

PROBLEM SET 4 DUE in Mattheaei mailbox by 4 pm; ANSWERS POSTED

Journal by 4 pm Thursday about classes 15 and 16, including Electric Car movie

SPRING BREAK!!

17. Short Run Costs and Output Decisions in Perfect Competition I 3/30

C&F, Ch. 8, "Short Run Costs and Output Decisions"

Read over your journal on technology and bring to class

18. Short Run Costs and Output Decisions in Perfect Competition II 4/2

Same as class 17

PROBLEM SET 4 RETURNED

19. Costs and Output Decisions in the Long Run in Perfect Competition 4/6

C&F, Ch. 9, "Costs and Output Decisions in the Long Run"

PROBLEM SET 5 POSTED, covering classes 17-20, due Class 22

20. Putting it all Together: Demand and Supply under Perfect Competition 4/8

Review C&F, Chs. 8 & 9

21. Monopoly and Antitrust 4/9

C&F, Ch. 13, "Monopoly and Antitrust Policy" pages 271-287

22. Monopolistic Competition and Oligopoly 4/13

C&F, Ch. 14, "Monopolistic Competition and Oligopoly."

PROBLEM SET 5 DUE; ANSWERS POSTED

PROBLEM SET 6 POSTED, COVERING CLASSES 21-23; DUE IN MATTHAEI MAILBOX ON FRIDAY, APRIL 17 AT 4 PM

23. Do Large Corporations Have Too Much Power? 4/16

The International Forum on Globalization, Alternatives to Economic Globalization: A Better World is Possible, Ch.5, "Corporate Structure and Power."

Ed Pikingtin, The Guardian, "Revealed: oil-funded research in Palin's campaign against protection for polar bear," 10/1/08

Check out the Program on Corporations, Law, & Democracy, www.poclad.org

* Paul Baran and Paul Sweezy, Monopoly Capital (Knapp)

* David Korten, The Post-Corporate World (Knapp)

JOURNAL ON YOUR READINGS FOR CLASSES 21-23 ON "IMPERFECT COMPETITION"

PROBLEM SET 5 RETURNED

REVIEW CONCEPTS POSTED

FRIDAY, APRIL 17, 4 PM: PROBLEM SET 6 DUE IN MATTHAEI MAILBOX

V. INPUT MARKETS: LABOR AND CAPITAL

24. The Capital Market and the Investment Decision 4/21

C&F, Ch. 11, "Input Demand: The Capital Market and the Investment Decision," including appendix.

Julie Nelson et al, Microeconomics in Context, Ch. 3, "Capital Stocks and Resource Maintenance," p. 3-4, 3-7– 3-10, 3-17- 3-21

Daniel Gross, "A Risk Worth Taking," Newsweek, Nov. 15, 2008.

Coop America website, "(Socially Responsible) Investing: An Introduction,"

<http://www.coopamerica.org/individual/personalfinance/investment/ipin-cv.htm>

PROBLEM SET 6 RETURNED

25. REVIEW SESSION FOR 2ND HOURLY 4/22

26. SECOND HOURLY EXAMINATION, on Part IV, Classes 13-24 4/23

27. The Labor Market 4/27

C&F, Ch. 10, "Input Demand: The Labor and Land Markets" (skip optional material on two variable factors of production, pp. 219-220)

Julie Matthaei, "Healing Ourselves, Healing Our Economy," Excerpt.

PROBLEM SET 7 POSTED, on classes 24 and 27, due Class 28

VI. PROBLEMS WITH UNREGULATED MARKETS AND WHAT CAN BE DONE ABOUT THEM

28-29. Overview and Externalities 4/30 and 5/4

Journal on labor market class for class 28

C&F, Ch. 12, pp. 263-267 only; Ch. 15, "Externalities, Public Goods, Imperfect Information, and Social Choice." pp. 327-338 (pp. 306-315, and 324-330 in 7th).

Herman Daly, "Five Policy Recommendations for a Sustainable Economy," in Juliet Schor and Betsy Taylor, eds., Sustainable Planet

PROBLEM SET 7 DUE, CLASS 28; ANSWERS POSTED; PROBLEM SET 7 RETURNED, CLASS 29

30. Public Goods and Imperfect Information 5/7

C&F, Ch. 15, pp. 338-351 (pp. 315-324, 7th).

PROBLEM SET 8 HANDED OUT; DUE MAY 13, 4 PM, IN MATTHAEI MAILBOX

31. Inequality, Poverty, and Economic Insecurity 5/11

C&F, Ch. 16, "Income Distribution and Poverty"

* Check out United Students Against Sweatshops,

<http://www.studentsagainstsweatshops.org/>

* Check out the Global Policy Forum for statistics on income and wealth distribution in the world, <http://www.globalpolicy.org/socecon/inequal/income/indexarticles.htm>

OPTIONAL REVIEW SESSION TO BE SCHEDULED

Wed., May 13, 4 pm., PROBLEM SET 8 DUE, Matthaei mailbox

Fri., May 15, 10 am, corrected PROBLEM SET 8 available for pick-up in Matthaei pick-up box, 4th floor PNE

FINAL SELF-SCHEDULED EXAMINATION covering entire course, but with emphasis on Parts V and VI, MAY 18-22

Fri., May 22, FINAL JOURNAL ENTRY DUE IN COURSE CONFERENCE, on your thoughts and feelings about your learning in the course; ALSO last day to hand in late problem sets and to post late journals