

ECO 2023: Principles of Microeconomics

Department of Economics and Finance | Spring 2018
Lutgert College of Business – Florida Gulf Coast University
TR 1:30-2:45 (CRN 12074) LH 1202 | TR 3:00-4:15 (CRN 12099) LH 1206

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Office Hours: TR 10:30am - 12:30pm & F 1pm - 3pm or by appointment

You are welcome—and encouraged!—to ask questions during and after class if you want to clarify anything from that day's meeting. And please make an appointment to see me if my scheduled office hours do not fit well with your schedule.

NOTE: Visit the course in Canvas during the first week to take the verification-of-attendance quiz. Otherwise you may be putting your financial aid in peril.

Official Course Description

ECO 2023 – Principles of Microeconomics - 3 credits

Individual components of an economic system. Special emphasis is placed on decision-making by individuals and by firms. Market structures of competition and monopoly; supply and demand; international trade and finance.

Motivation

This course will help students develop an economist's approach to problem solving. Consider the words of Nobel laureate George Stigler:

The watered-down encyclopedia which [*sic*] constitutes the present course in beginning college economics does not teach the student how to think on economic questions. The brief exposure to each of a vast array of techniques and problems leaves with the student no basic economic logic with which to analyze the economic questions he will face as a citizen. The student will memorize a few facts, diagrams, and policy recommendations, and ten years later will be as untutored in economics as the day he entered the class.¹

To avoid the pitfalls that Stigler suggests, we will take the most basic tools of economic analysis--supply and demand--and apply them time and time again. In a nutshell, this course

- Develops the tools of supply and demand so that students will acquire a basic understanding of them.
- Applies supply and demand analysis to various individual markets.
- Introduces the field of public economics so that students will begin to appreciate the widespread application of the basic tools of supply and demand, with the hope that students will carry the analytical framework beyond the classroom.

¹George J. Stigler, "Elementary Economic Education," *American Economic Review* 53.2 (1963): 657.

Course Objectives and Learning Outcomes

The objective of this course is to enhance your understanding of microeconomic principles. You will be encouraged to utilize microeconomic terms in your daily discussions and other course work. You will discuss and debate real life applications to microeconomic concepts. In addition, this course will enhance your critical thinking and problem-solving skills.

LCOB Learning Goals (EPCK)	Learning Objective (Measurable Outcomes)	Course Learning Outcomes	Method of Assessment
Be effective problem solvers.	Solve business problems using analytical tools.	<p>1. <i>Identify the basic economic problem.</i> Describe such concepts as scarcity, opportunity cost, and choice.</p> <p>2. <i>Examine markets and price determination.</i> Explain the determinants of supply and demand; describe and calculate comparative advantage, utility, and elasticity; and discuss price ceilings and floors.</p> <p>3. <i>Develop theories of the firm.</i> Explain and calculate revenues and costs. Discuss marginal analysis and market structures.</p> <p>4. <i>Analyze factor markets.</i> Utilize factor markets to examine wages, rents, interest, profits, and income distribution.</p> <p>5. <i>Evaluate the role of government in a market economy.</i> Discuss the role of government in public goods, maintaining competition, externalities, taxation, and income distribution.</p>	<i>MyEconLab</i> and exams

ECO 2023 is a course that introduces students to “the economic way of thinking.” This course provides a philosophical foundation for the entire business curriculum. It focuses primarily on the decisions of firms and individuals within market environments. The optimization of resources because of scarcity is central to all business enterprise. The skills and knowledge developed in this course inform significant structural components of managerial accounting, finance, marketing and management. Subsequent courses that draw significantly upon these foundational economic concepts include:

<i>Learning Objectives</i>	<i>Assessment Strategies</i>
Business Common Core	FIN 3403 – Business Finance MAR 3023 – Introduction to Marketing GEB 4890 – Business Strategy
Accounting	ACG 3103 – Financial reporting & Analysis I ACG 3113 – Financial reporting & Analysis II ACG 3341 – Cost Accounting ACG 3401 – Accounting Information Systems
Finance	FIN 3244 – Money & Capital Markets ECO 3201 – Intermediate Price Theory FIN 3414 – Financial Management FIN 3504 – Principles of Investments FIN 4514 – Security Analysis QMB 3200 – Economic Business Statistics II
Marketing	MAR 3503 – Consumer Behavior MAR 3613 – Marketing Research MAR 4804 – Marketing Strategy
Management	MAN 3303 – Management of Small Business GEB 4890 – Business Strategy MAN 4804 – Business Plan Development

As your instructor, I pledge to help you achieve the above goals; to provide a clear, fair, and helpful structure in conducting the classes in ways that promote your learning; and communicate in each meeting why economics is an important, logical, and even enjoyable(!) way to make sense of the world.

Course Materials and Grading Procedures

The course materials that you will need to purchase are available in the bookstore. They are also available electronically at significantly lower prices.

Required Text: Bade, Robin, and Michael Parkin. 2018. *Foundations of Microeconomics*. 8th ed. New York: Pearson.

Other Required Resource: *MyEconLab*

There will be regular homework and quizzes using *MyLab*, two short tests, and a comprehensive final exam. I will drop individual test grades in order to improve your overall course grade. The weights toward your final grade (see table below) will depend on which tests count. At the end of the semester, I will choose the option that gives you the best possible grade. You should take the all tests even if you feel unprepared; they will not hurt your grade, and will give you some practice.

	Weighting Options (%)			
	A	B	C	D
<i>MyLab</i> Homework	20	20	20	20
<i>MyLab</i> Quizzes	10	10	10	10
Test 1	20	0	20	0
Test 2	20	30	0	0
Final	30	40	50	70

Your letter grade will be defined by your numerical average as follows:

Grade	Minimum Percentage Required	Grade	Minimum Percentage Required
A	90	C	70
B+	87	D+	67
B	80	D	60
C+	77	F	0

Since you may drop them, there will be no make-ups if you miss either of the two short tests.

Due to the somewhat large enrollments in this course, you may sit for exams in only the section in which you are enrolled. Students attempting to take an exam – including the final exam – in a section in which they are not enrolled will be turned away.

Absolutely no electronic devices of any kind shall be audible or visible during any exam. Students in violation will receive a **minimum** sanction of a zero grade for that exam.

Course Policies

Attendance

Attendance is not required, though highly recommended for it will influence your grade in ways that are informal and mysterious (even to me), but nevertheless significant. Initially I will take role as a low-opportunity-cost way to learn your names. If I am late, please wait 10 minutes before leaving the classroom. Please switch all phones to vibrate.

Lectures and discussions will generally follow the format of the text. However, be warned that I will not lecture on all the material in the text, and the text will not cover all the material we will discuss in class.

If you choose to attend a given class session, I do have three requests. First, when you attend, please be on time. I'll repeat that: please be on time. The cost you impose upon me and your classmates by entering late is what economists call a negative externality; your parents might have called it "bad manners." Second, if you attend, please remain for the entire session – unless, of course, you make arrangements with me beforehand (see earlier point about "negative externalities"). And third, if you attend, complete the textbook reading assignments in advance of their presentation in class. Expect to be called upon often based upon the reading.

Make-up Policy

Since you may drop them, there will be no make-ups if you miss either of the two short tests. MyLab assignments are usually open for at least 48 hours and cannot be made up.

Do not arrive late for any exam without obtaining the instructor's consent in advance. Students arriving late without having made prior arrangements with the instructor will receive a **minimum** sanction of a ten percent reduction in their final exam score.

A missed final examination will: (1) lead to an assigned grade of "incomplete" so long as I am contacted prior to the examination as noted above and, (2) require you to take a makeup examination and complete the examination prior to the university's deadline for making up an incomplete. It is your responsibility to contact me and coordinate the process of the makeup examination and the grade change. All incomplete grades not completed by the university's deadline automatically become an "F."

Canvas and MyEconLab

All communication is channeled through either Canvas or MyEconLab. You are responsible for staying current with all course communications, and checking your email daily.

Academic Behavior Standards and Academic Dishonesty

All students are expected to demonstrate honesty in their academic pursuits. The university policies regarding issues of honesty can be found in the FGCU Student Guidebook under **the Student Code of Conduct and Policies and Procedures** sections. All students are expected to study this document which outlines their responsibilities and consequences for violations of the policy. The FGCU Student Guidebook is available online at <http://studentservices.fgcu.edu/judicialaffairs/new.html>

University Nondiscrimination Statement

Florida Gulf Coast University is committed to ensuring equity and fairness for all University employees, students, visitors, vendors, contractors and other third parties. As such, the University prohibits discrimination on the bases of race, color, national origin, ethnicity, religion, age, disability, sex (including sexual harassment/assault), gender identity/expression, marital status, sexual orientation, veteran status or genetic predisposition with regard to admissions, employment, programs or other activities operated by the University. This prohibition extends to enforcement of **Title IX** of the

Education Amendments of 1972. Questions or complaints should be directed to the Office of Institutional Equity and Compliance (OIEC). The OIEC's phone number is (239)745-4366; the OIEC email address is OIEC@fgcu.edu.

Disability Accommodations Services

Florida Gulf Coast University, in accordance with the Americans with Disabilities Act and the university's guiding principles, will provide classroom and academic accommodations to students with documented disabilities. If you need to request an accommodation in this class due to a disability, or you suspect that your academic performance is affected by a disability, please see me or contact the Office of Adaptive Services. The Office of Adaptive Services is located in the Wellness Building. The phone number is 239-590-7956 or Video Phone (VP) 239-243-9453. In addition to classroom and campus accommodations, individuals with disabilities are encouraged to create their personal emergency evacuation plan and FGCU is committed to providing information on emergency notification procedures. You can find information on the emergency exits and Areas of Rescue Assistance for each building, as well as other emergency preparedness materials on the Environmental Health and Safety and University Police Department websites. If you will need assistance in the event of an emergency due to a disability, please contact Adaptive Services for available services and information.

Student Observance of Religious Holidays

All students at Florida Gulf Coast University have a right to expect that the University will reasonably accommodate their religious observances, practices, and beliefs. Students, upon prior notification to their instructors, shall be excused from class or other scheduled academic activity to observe a religious holy day of their faith. Students shall be permitted a reasonable amount of time to make up the material or activities covered in their absence. Students shall not be penalized due to absence from class or other scheduled academic activity because of religious observances. Where practicable, major examinations, major assignments, and University ceremonies will not be scheduled on a major religious holy day. A student who is to be excused from class for a religious observance is not required to provide a second party certification of the reason for the absence.

TOPICAL OUTLINE & SCHEDULE

Note: Each of the assigned *MyLab* homework assignments and chapter quizzes will normally be open for at least 48 hours once they have been announced in class. **START EARLY!** Students who leave their assignments until the last minute may suffer from computer problems or find that they get locked out of the system because the assignment is a few seconds past due. Do not blame last-minute technical problems for any incomplete assignments.

Outline of Topics and Reading Assignments

- I. Introduction
 - A. Chapter 1: Getting Started (including appendix)
 - B. Chapter 2: The U.S. and Global Economies

- C. Chapter 3: The Economic Problem
 - D. Chapter 4: Demand & Supply
- II. A Closer Look at Markets
 - A. Chapter 5: Elasticities of Supply & Demand
 - B. Chapter 6: Efficiency & Equity in Markets?
- III. Chapter 13: Consumer Theory
- IV. Theory of the Firm
 - A. Chapter 14: Production & Cost
 - B. Chapter 15: Perfect Competition
 - C. Chapter 16: Monopoly
 - D. Chapter 17: Monopolistic Competition
 - E. Chapter 18: Oligopoly
- V. How Governments Influence the Economy
 - A. Chapter 7: Government Actions in Markets
 - B. Chapter 8: Taxes
 - C. Chapter 10: Externalities
 - D. Chapter 11: Public Goods & Common Resources

Extra Credit

You can earn up to 10 points total extra credit added to your semester grade by producing a creative project introducing an economic concept. The project must be suitable for use in this class. I'd encourage a SHORT video (less than five minutes), smartphone application, or multimedia project. No essays, please. The idea is to improve—over time—the class with your input. DUE DATE: APRIL 30TH AT THE LATEST.

CRITERIA that I use in grading these extra credit projects are:

- (1) Clarity and focus (i.e., you must focus on ONE specific idea.)
- (2) Suitability for use in class (i.e., SHORT, relevant to Econ 2013, positive.)
- (3) Entertainment value (e.g., amusing, clever, shocking, stimulating.)

Remember, "Brevity is the soul of wit."

- (4) Originality. Projects that take a new approach will receive special consideration.

- (5) Format. YouTube or video files preferred. DVDs are accepted, but valued marginally less.

TALK TO ME ABOUT YOUR IDEA BEFORE YOU GET TOO FAR ALONG.

Note that I will not count off if the project is "unprofessional" in the sense of amateurish production values (e.g., unfocused picture), except to the extent that it interferes with criteria (1)-(3). GROUP PROJECTS are OK, but a single project can earn no more than 10 points, which will be split among participants.

I expect that the average satisfactory creative project will earn 4 to 5 points. Only truly outstanding projects will earn more than 6 points. Desperate, disorganized, rambling, last-minute, lame efforts will get 0 or 1 point.

HOW TO DO WELL IN ECONOMICS: A CHECKLIST OF QUESTIONS TO ASK YOURSELF

(Some items suggested by Kenneth Elzinga, University of Virginia)

(1) *How much time do you allocate to the course?*

You may not know it yet, but a one-semester (half-year), three-credit college class covers just as much material as a year-long high-school class. If that sounds compressed, think about this: a high-school “semester” is usually 18 weeks long, but a semester of college is just 15 weeks. And that’s not it yet: high-school classes generally meet five times a week, and college courses meet for only three.

What does this mean?

Let’s assume you never did any homework in high school. That means that for a year-long class you spent a total of 180 hours on that class, because that’s the number of hours the class met. But a college course, which will cover just as much material as a year-long high school class, meets for only 40-45 hours.

How will the extra learning happen if you will be in class 136 fewer hours than you were in high school? Will it happen by magic?

It would be nice to think so, but you won’t get the grade you are hoping for if all you do is come to class, complete the required online assignments, and then take the exams when test days arrive. *What makes college different from high school is that when you get to college, the burden of responsibility for learning shifts from the shoulders of the teacher onto your shoulders.* It has to. If you don’t teach yourself the 136 hours of other material, and find your own ways to study effectively to really drive home the material, you will probably not be happy with how things turn out.

If there is a silver lining, it is that you probably will not need to spend 136 hours outside of class working on the course. If you study effectively, you will find that a good rule of thumb is to work for two hours on your own for every hour you spend in class.

So an average student, not naturally gifted in economics, who earns a grade of B or better will need to allocate about 9 total hours a week to the course. Of course, students come into the class with different backgrounds and abilities. Therefore, some students may need to work more than six hours per week outside of class, while others might be able to work less.

What about online courses? I’m afraid they require just as much time. Whether online or “live action,” an average student, not naturally gifted in economics, who earns a grade of B or better will need to allocate about 9 total hours a week to the course.

(2) *Do you attend the lectures and review sessions?*

You should. You'll learn something no matter how good or bad the lecture or review session is that particular day. And it is hard to assess what you missed if you are absent.

(3) *Do you take good notes?*

A college class is not a TV show. Weeks after the lecture is over, you will be expected to have a deep understanding of the material. Your professors know what will be covered on tests, and they are doing their best to help you prepare. If you don't make the effort to take good notes, you might as well skip class. (Yep, that's what I said.) No matter how effective a lecturer is, there's probably zero chance that you'll recall a class from September 3 when you are asked detailed questions about it in October unless you took some good notes during class.

So practice taking good notes. Make a game of it and see how much of the lecture you can write down. Even if you never look at the notes again, you'll remember the material better if you take notes. And by the way, some of the most important things your professors tell you in class will not be on the board; work hard at actively taking good notes. Your professors already know what will be on the tests, and they rarely waste your time telling you things that will not be on them.

(4) *Do you keep on top of the reading?*

Stay current. For example: if you are studying Chapter 4 when the lecture is on material in Chapter 6, your reading can't inform the lecture or *vice versa*. Do the best you can in your textbook reading to stay with the lectures.

(5) *How do you study?*

Study by doing. In economics, that means working problems. Go back and forth between (1) the problems in the *MyLab* homework, (2) the examples in the lecture, (3) the quiz questions in *MyLab*, (4) the *MyLab* practice tests, (5) the *MyLab* Study Plan, and the material in the textbook.

(6) *Do you work for understanding?*

When you get the answer to a problem right (by trial and error, if necessary) go back over the problem to see why the method you employed worked.

(7) *Can you explain the material to others?*

If possible, study with others. Explain the material to them. Most teachers are no more intelligent than their students. They know the material well because they've spent more time with it, and they have practiced explaining it to someone else—and even answering questions.

(8) *Do you take tests under good conditions?*

When taking a test, read each question carefully before you begin writing a response. Make sure you know what is being asked (and what isn't being asked). You are responsible for answering only the question asked—nothing else. You'd be surprised

how many correct answers are given to a question that wasn't asked. Some students do well on tests even when they are exhausted. Most don't. Try to get rest before a test.

Final Word

I am committed to providing a learning environment with open communication and mutual respect. If you feel that you are being harassed, intimidated, or discriminated against in any way due to your race, sex, political views, age, faith, or any other reason, please let me know and I will fix it.

Important Spring Dates

Classes begin	Monday, January 8
Registration for Senior Citizens (Audit mode only-no late fee)	Tuesday, January 9
Term Waitlists Shut Down at 5 p.m.	Wednesday, January 10
Late Registration, Drop/Add and Change to Audit Ends at 5 p.m.	Friday, January 12
Payment Deadline, Late Payment Begins after 5 p.m.	Friday, January 12
Last Day to Drop/Withdraw via GULFLINE (100% Refund) Ends at 5 p.m.	Friday, January 12
Residency Reclassification for Tuition Deadline 5 p.m.	Friday, January 12
Deadline to submit Fee Waivers (F.S. 1009.26) and Fee Exemptions (F.S. 1009.25) for Spring 2018	Friday, January 12
Cancellation for Non-Payment Begins	Tuesday, January 16
Spring 2018 Commencement RSVP begins via Gulflink	Monday, January 22
Must withdraw from ALL Classes to receive a 25% Refund	Friday, February 2
First In-Class Exam	Tuesday, February 6
Reinstatement with Full Payment Deadline 5:00 pm	Friday, February 9
Last Day to RSVP for Spring 2018 Commencement Ceremonies	Monday, February 12
Spring Break (no classes)	Monday-Saturday, March 5 - 10
Second In-Class Exam	Tuesday, March 13
Last Day to Drop/Withdraw without Academic Penalty at 5 p.m.	Friday, March 23
Spring 2018 - Graduating Student Survey Opens	Monday, April 2
Study Day (No Classes or Exams)	Friday, April 27
Last Day of Classes for Spring 2018	Saturday, April 28
First day of final exams	Monday, April 30
Last Day to Apply for Grade Forgiveness for Spring 2018	Friday, May 4
Finals End/ Last Day of Spring 2018 Semester	Friday, May 4