

UNIVERSITY OF WISCONSIN-LA CROSSE
Department of Economics
ECO110 Microeconomics and Public Policy
Associate Professor Lisa Giddings
Fall 2011

Office:	403x Carl Wimberly Hall	Class	SEC015: T/TH 2:15-3:40
Virtual Office:	http://www.uwlax.edu/faculty/giddings	Times:	
Phone:	608.785.5297	Room:	Centennial 3205
Office Hours:	Tues/Thurs 10:00 -11:00 a.m. Wednesdays/Fridays "Flex" 9:30-noon.	Email:	lgiddings@uwlax.edu

If, by chance, you cannot come during these specified hours, feel free to call me and set up an appointment. Given advance notice, I can meet you just about anytime, anywhere.

COURSE OBJECTIVES

One important aspect of the study of microeconomics is public policy. Public policy can be used to change people's incentives which then, presumably, affects their choices. Public policies can be used to affect individual's use of gasoline, energy, cigarettes and alcohol (just to name a few). For example, as the price of gas rises steadily, have people purchased less of it? Have they chosen different forms of transportation? By how much will the price have to rise before people do so? The study of microeconomics is especially relevant during an election year where the conscientious citizen attempts to become particularly informed about their decision regarding the candidates for president.

Microeconomics deals with individual and firm behavior within a capitalist market economy. Topics include: supply and demand, the operation of markets, consumer and enterprise behavior, competition and monopoly, income distribution, poverty, discrimination, and microeconomic policy. A major goal is to equip students with economic tools and the "economic way of thinking" to evaluate public policy options.

Through the application of economic principles to social problems, the course is intended to develop both problem-solving skills and critical thinking. Over the course of the semester, we will be relying on case studies and excerpts of relevant literature to explore the big ideas of microeconomic theory.

ECO 110 is in the General Education Program under the Liberal Studies category of "Self & Society: Understanding Oneself and the Social World." You may review the specific GEP goals in the current UWL Undergraduate Catalog. In addition, ECO 110 is a required course for the College of Business Administration majors. CBA students are encouraged to review the curriculum goals of the CBA program at <http://perth.uwlax.edu/ba/undergrad/uccgoals.html>.

Learning Objectives

1. Examine and understand how a market system functions to coordinate decisions and allocate scarce resources among competing uses to satisfy wants.
 - a. Recognize our daily choices (as producers and/or consumers) and the subsequent tradeoffs as the basis for the study of economics
 - i. Identify the concept of scarcity as the basis of the economizing problem.
 - ii. Define the concept of opportunity cost and provide examples.
 - iii. Understand the concepts of comparative advantage and the gains from trade.
 - b. Understand how the concept of marginality is linked to demand and supply by examining the changes in the benefits and costs of consuming and producing.
 - i. Use the marginal analysis to evaluate choices.
 - ii. Compare the concepts of total and marginal product. Explain the concept of diminishing returns, and evaluate its effect on marginal cost.
 - iii. Compare the concepts of total average and marginal costs.
 - iv. Develop the concept of long-run average costs, and explain the basis for economies of scale and diseconomies of scale.
 - c. Understand how the sensitivity of price changes influences consumer and producer decisions by examining the concept of elasticity.
 - d. Understand how price functions as an allocating mechanism.

- i. Understand and use demand and supply models to demonstrate price and output changes in product markets.
 - ii. Understand the market response to shortage and surplus.
 - e. Compare and analyze the similarities and differences between market structures and how they affect consumer and producer decisions.
 - i. Compare the differences between explicit and implicit costs and evaluate the concept of economic profit as a signal for producer action.
 - ii. Identify and compare the key characteristics of perfectly and imperfectly competitive market structures.
 - iii. Compare market structures based on the implications of their characteristics and whether or not productive or allocative efficiency is achieved.
- 2. Understand that some outcomes which develop under a market system may not coordinate decisions in a manner desired by society. Examples of market failures may be used to justify government intervention, which will impact the market mechanism.
 - a. Understand how public policies may affect demand, supply and/or price, and subsequently influence our choices as members of society.
 - b. Develop the ability to analyze and evaluate public policy issues within the framework of economic models, and understand the arguments and counter arguments inherent in social issues and public policies.
 - i. Define price ceilings and floors and demonstrate how they change market solutions.
 - ii. Using demand and supply models, evaluate the consequences of various policy initiatives. Examples may include pollution control, agricultural policy, minimum wage, protectionism, etc.

COLLEGE OF BUSINESS ADMINISTRATION UNDERGRADUATE PROGRAM OUTCOMES

The following are the abbreviated learning outcomes for the undergraduate degree program:

- Communication - the ability to convey information and ideas effectively
- Decision Making and Critical Thinking – the ability to evaluate alternatives and understand the ramifications of those alternatives within a given business context
- Global Context of Business – the ability to integrate global perspectives in business decisions
- Major Competency - proficiency in the primary functional area of study
- Social Responsibility - the ability to consider the effects of business decisions on the entire social system

The full statement of undergraduate learning outcomes can be found at:

<http://www.uwlax.edu/ba/undergrad/uccgoals.htm>

COURSE MATERIALS

Textbooks:

• Sharp, Ansel Miree, Charles A. Register and Paul W. Grimes. 2003. *The Economics of Social Issues*. Fifteenth Edition.

• Mankiw, N. Gregory. 2008. *Principles of Microeconomics, Fifth Edition*. South-Western.

Other, supplemental materials:

Greg Mankiw's blog: <http://gregmankiw.blogspot.com/>

Companion Website to Principles of Microeconomics:

http://www.swlearning.com/economics/mankiw/mankiw3e/micro/mankiw3e_micro.html

REQUIREMENTS

Homework and Problem Sets:

I strongly encourage you to work together on homework problems, however, I expect each of you to write up your own assignment. Homework assignments will be collected at the beginning of the class period in which they are due. Problems will be a combination of problems from the end of the chapters, as well as other problems I will make up. The solutions to the homeworks will be posted on the due date. Late homework assignments will not be accepted. So if you have to miss class when an assignment is due, have a fellow student turn it in for you or leave it in my box (in the

economics department) BEFORE class-time. These homework problems will serve to give you practice with economics problems and provide you with a focus for studying for exams. I may make additional assignments as the term progresses. In addition to the problem sets, I will occasionally assign an article or a problem and ask students to present their work to the class.

Writing Assignments:

An important part of your experience in this course will be two short writing assignments designed to foster your skills in using the Economic Way of Thinking. In each of these papers, your assignment is to use a principle, or principles, discussed in the course to explain some pattern of events or behavior that you personally have observed. Numerous examples will be discussed in class. Your space limit is 500 words, but many excellent papers are significantly shorter. Imagine yourself talking to your grandma, or a relative who has never had a course in economics. The best papers are ones that would be clearly intelligible to such a person, and typically these papers do not use any algebra or graphs. You need not include a bibliography.

You are not expected to do voluminous research in support of your argument, although a relevant fact or two might help convince yourself and others that you are on the right track. It makes no difference whether your topic is "important," but try, as best you can, to choose something interesting.

Exams:

There will be three cumulative exams. The exam schedule is included in this syllabus. Please check it now for any conflicting religious holidays. If you have a conflict with an exam date, you must see me at least one week in advance to get an excused absence. The only other legitimate excuse for a missed exam is a verifiable medical emergency. No make-up exams will be given that are not scheduled at least one week before the scheduled exam time. A grade of Incomplete will be granted only under extreme circumstances. Do not buy a plane ticket home for earlier than the date for the final exam. Having a plane ticket is not a valid excuse for missing an exam.

Participation:

Often we will split up into teams and work on problems during class. Often groups and individuals will be expected to present their work in front of the class. Your participation in such group activities will be an integral part of the course which not only will be reflected in your learning and ultimately your grade but also in the course itself. Your participation will enhance the learning of others. Please attend class and be prepared to engage with the material.

GRADING

Homework Assignments (6 at 2% each):	12%
The Economic Way of Thinking Paper (2 at 4%)	8%
Two Midterm Exams (2 at 25% each):	50%
Participation:	Priceless
Final Exam:	30%

LATE WORK, ABSENTEE, AND HONOR POLICIES

If a student is unable to take the midterm exam at the regularly scheduled time, arrangements may be made by the student for a make-up exam provided that s/he contacts the instructor prior to the scheduled exam. Make-up exams are mutually inconvenient and, as a result, tend to be more difficult. Students should only take make-up exams in the case of a serious conflict. The final exam may be taken only at the scheduled time.

Late homework assignments, while unappreciated by me, are sometimes inevitable. If, for one reason or another, you are unable to submit an assignment on time (whether due to a personal reason or some technical glitch), I am providing you with two (2) "free passes". The Free Pass Policy allows students to drop the two lowest scores for the grading period. Please do not ask for "extra credit" assignments to raise your grade or make up for a low grade. Concentrate instead on doing your best on the existing assignments.

Regarding class attendance, I consider you to be, and will treat you as an adult. In the spirit of the economic discipline, I recognize that time is scarce and I trust that you will make rational decisions concerning the way in which you spend your time. Please be aware, however, that all of our choices embody trade-offs that can be very costly.

Academic Misconduct: Academic misconduct will not be tolerated. Any student engaging in academic misconduct will be subject to disciplinary sanctions as described in the Wisconsin Administrative Code, Chapter UWS 14.

The University's position:

Academic misconduct is a violation of the UW-L student honor code <http://www.uwlax.edu/records/UCGat/Regulations/Disciplinary.htm>. Academic misconduct is unacceptable. All work handed in for this class must be the students' own individual work. Plagiarism or cheating in any form may result in failure of the assignment or exam, failure of the course, and may include harsher sanctions. Refer to the Eagle Eye at http://www.uwlax.edu/StudentLife/academic_misconduct.htm#14.03 for a detailed definition of academic misconduct. For helpful information on how to avoid plagiarism, go to <http://www.uwlax.edu/murphylibrary/research/plagiarism.html>. You may also visit the Office of Student Life if you have questions about plagiarism or cheating incidents. We encourage you to discuss any concerns regarding plagiarism or cheating with any of us directly and well before any assignments are handed in. Failure to understand what constitutes plagiarism or cheating is not a valid excuse for engaging in academic misconduct.

Students with Disabilities

Any student with a documented disability (e.g., physical, learning, psychiatric, vision, or hearing, etc.) who needs to arrange reasonable accommodations must contact the instructor and the Disability Resource Services office (165 Murphy Library) at the beginning of the semester. Students who are currently using the Disability Resource Services will have a copy of a contract that verifies they are qualified students with disabilities who have documentation on file in the Disability Resource Service office.

A WORD (OR TWO) OF ADVICE

Economics, while intuitive, is not simple. You will be learning a new language, and a new application of some old math that you probably already know. The class will be immeasurably easier for you if you stay ahead of the game. If, for example, you read the chapter before class, then skim over it after class and keep up with the problem sets, you will a) get a better grade and b) spend less time studying for the final. If, instead, you postpone reading the chapters and fail to participate in the problem set preparations, you will a) spend many hours frantically studying for the final exam and b) most likely not do well in the class anyway. Again, how you allocate your scarce resource of time is your choice, but be aware of the costs involved.