

Eco 110 – Microeconomics and Public Policy

Fall 2015

Instructor Information

Instructor: John M. Nunley, Ph.D.
Office Location: 403R Carl Wimberly Hall
Office Hours: 11:45 am – 12:15 pm on Tuesdays and Thursdays
2:15 pm – 3:45 pm on Tuesdays and Thursdays
Schedule appointments outside of office hours via email.
Email: jnunley@uwlax.edu
Webpage: <http://johnnunley.org/>
Phone: (608) 785-5145

Textbook

Principles of Microeconomics (7th edition) by Greg Mankiw. The textbook is available from Textbook Rental. The link to Textbook Rental's website, which provides information on their hours of operation, policies and more, is the following: <http://www.uwlax.edu/textbookrental/index.htm>. A study guide that complements the textbook is available from textbook rental, but it is not required.

Course Description

Microeconomics is the study of individual consumer and producer behavior. In this course, we will examine (a) how consumers and producers make decisions, (b) how consumers and producers interact in a market to determine prices and quantities, and (c) the impact that government policies have on the consumer and producer behavior and, hence, market outcomes. As the title of the course suggests, emphasis is placed on public policy. In certain situations, government policies can improve market outcomes but, in others, an activist government can actually make matters worse or have a negligible impact. Given the focus on public policy, it is important to approach this course in an unbiased way. An important goal of this course is to inform students about current economic issues and policy debates, as much of what one reads in the news or watches on various television programs is based on ignorance or bias.

Course Learning Outcomes and Objectives

1. Students will learn the process through which free markets facilitate trade between interested parties and how the price system allocates goods and services in an efficient way.
 - (a) Illustrate how comparative advantage can create benefits from trade to all parties.
 - (b) Demonstrate how prices function to allocate goods and services in response to changes in market conditions.
 - (c) Analyze how price elasticity affects consumer and producer decisions.
 - (d) Identify consumer, producer and societal welfare in the context of a supply-demand model.
 - (e) Analyze how the concepts of implicit versus explicit costs and fixed versus variable costs apply to production decisions.
 - (f) Apply marginal analysis to explain profit maximizing production decisions.

2. Students will learn the conditions under which free markets generate inefficient outcomes.
 - (a) Compare the efficiency of perfectly competitive markets to that in markets in which seller(s) have market power.
 - (b) Compare the efficiency of markets with no externalities to those with externalities.
3. Students will learn how different types of government policies affect market outcomes and, hence, market efficiency.
 - (a) Evaluate how elasticity affects the impact of taxes and price controls.
 - (b) Evaluate the impact of antitrust laws and price regulation in markets in which seller(s) have market power.
 - (c) Analyze the impact and evaluate the efficiency of regulation, corrective taxes/subsidies and tradable permits to address externalities.
 - (d) Evaluate the impact of tariffs on consumer and producer welfare in trading countries.

General Education Student Learning Outcomes

1. Students will be able to use mathematical and logical methods to solve problems.
2. Students will be able to construct and use models to analyze, explain, or predict phenomena.

College of Business Administration Undergraduate Program Outcomes

The following are the abbreviated learning outcomes for the College of Business Administration's 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.*

For more information, visit <http://www.uwlax.edu/ba/undergrad/uccgoals.htm>. The learning outcomes with a * are those that are particularly relevant for this course.

Course Resources

For each chapter covered in the course, students are provided content from a number of different sources and delivery methods. For each topic covered in the course, the following is provided (at a minimum):

- *Readings*
 - Chapters from the textbook.
 - A document (prepared by me) that outlines the key concepts from the required readings (called *commentaries*).

* The commentaries *complement* the textbook. They **should not** be viewed as a *substitute* for the textbook.

- *Pencasts*
 - Pencasts are short videos of me writing on notebook paper and explaining some of the most difficult concepts from the course. Pencasts are more interactive than traditional videos, as you can click anywhere on the notebook page to advance to that point in the video. Within D2L, files with links to various pencasts are provided for each unit.
- *Problem Sets*
 - A problem set accompanies each chapter covered in the course. The questions on the problem sets are similar to those that are asked on the exams. The solutions to the problem sets are also provided.
- *External Readings*
 - In some cases, I may require students to read articles that are found outside of the textbook. Such readings include blog posts, online articles, and news stories. These readings will be made available via email or the Desire2Learn (D2L) course management system (discussed next).

Desire2Learn (D2L)

The Desire2Learn (D2L) course management system is used to implement this course. Although I will use other features within D2L, there are four functions that I will use frequently, and students should check these on a regular basis for new course material and information:

- *News*
 - Important information about the course is provided.
- *Content*
 - Links to notes/commentaries, pencasts, problem sets, quizzes, discussion forums, exams, and PowerPoint slides are provided.
- *Quizzes*
 - Access to the multiple-choice quizzes is provided. Consult the detailed schedule for due dates/times.
- *Grades*
 - The dissemination of grades to students via D2L is useful due to privacy issues, as grades constitute private information between instructors and students. I **will not** email grades to students under any circumstance. If D2L is not accessible, students must see me face-to-face to obtain information regarding their grades.

Grading

The final grade is composed of three components: attendance (5 percent), quizzes (20 percent), and exams (75 percent). The following equation explicitly shows how final grades will be computed:

$$g = 0.05(\textit{attend}) + 0.20(\textit{quiz}) + 0.75(\textit{exam}).$$

The variable g is the final average, \textit{attend} is the percentage of classes attended, \textit{quiz} is the average score on quizzes, and \textit{exam} is the average score on the three regular exams. A final average (g) of 93 or above is an “A”; 89 to 92 is an “A/B”; 83 to 88 is a “B”; 79 to 82 is a “B/C”; 70 to 78 is a “C”; 60 to 69 is a “D”; and below 60 is an “F”. More information is provided below on each component of the final grade.

- *Attendance*

In my opinion, it is very important for students to attend class regularly, as students who attend class on a regular basis typically perform much better than those who have lower rates of attendance. I attempt to make the classroom an active environment, in which I present the theory, provide real-world applications, discuss what empirical evidence exists on the topic, and require students to solve applied problems during class. The in-class interaction fosters a better learning environment and, if embraced, should lead to better performance on all graded components of the course. Attendance will be taken each class period, except when an exam is scheduled. The attendance grade is based on the percentage of classes attended.

- *Quizzes*

Thirteen quizzes will be given over the course of the semester. The quiz portion of the final average is computed as the average score on the 13 quizzes. The quizzes will be administered through D2L. The questions will be in multiple-choice format, and there will be approximately 20-30 questions per quiz. Once a quiz is started, it must be finished within the allotted time, which is typically an hour. Students are able to take each quiz twice, and the highest score of the two will be recorded. After the first attempt, students will observe the questions that were answered incorrectly. Note that the quizzes must be taken before the chapter is covered in class. If you miss a quiz deadline, a zero will be assigned. Students *will not* be allowed to make-up a missed quiz!

The quizzes will be made up of mostly conceptual- and comprehension-based questions; that is, the questions will not typically involve higher-order cognitive skills, such as critical thinking and synthesis. The primary purposes of the quizzes are to enhance students' understanding of basic concepts and to provide an incentive for students to maintain a working knowledge of the course material.

Students are allowed to use their textbook and any of the resources posted in D2L. However, students must work independently from other students. That is, students *are not* permitted to consult with any other person(s), regardless of whether they are members of this class. Moreover, any Internet resources that are not included in D2L are prohibited. To be able to finish the quiz on time, it is wise to complete the required readings, spend some time reviewing and studying the material, and ask questions about difficult concepts before taking a quiz. Students may ask questions in class, via the discussion forums or during office hours.

- *Exams*

Three regular exams will be given over the course of the semester, which will be administered during class. The exams consist of multiple-choice and short-answer questions. The average of the three exams makes up the exam portion of the final grade.

However, students will have an opportunity to improve their exam average by taking an **optional comprehensive final exam**. Any regular exam score that is less than the final exam score will be replaced by the final exam score. As an example, consider the table below, which shows three hypothetical students' exam grades.

Student	Exam #1	Exam #2	Exam #3	Pre-Final Exam Average	Final Exam	Post-Final Exam Average
Student A	57	90	63	70	80	83
Student B	70	70	100	80	55	80
Student C	90	90	90	90	95	95

Student A had a 70 exam average before the final exam. But Student A improved their exam average by scoring an 80 on the final exam. Note that the 80 Student A scored on the final exam replaces the scores for Exams #1 and #3 but not Exam #2. Therefore, the exam grades used to calculate Student

A's exam average are 80, 90, and 80. Student A's final exam average improves to 83. Student B had an average of 80 before the final exam. However, their final exam score of 55 is not greater than any of Student B's other exams scores. As a result, Student B keeps the 80 exam average that they had before taking the final exam. Student C had a 90 exam average before the final exam. This student scored a 95 on the final exam, which replaces their scores on Exams #1, #2, and #3. As a result, Student C's exam average improves to 95.

The final exam can be taken on any one of the following dates/times: (i) Friday, December 18th from 2:30 – 4:30 PM, (ii) Monday, December 21st from 2:30 – 4:30 PM, or (iii) Tuesday, December 22nd from 2:30 – 4:30 PM. All final exams will take place in CWH 230.

Make-up Exams

Students may complete a missed exam only in extraordinary circumstances. In general, I will allow students to make-up an exam **if and only if** three conditions are met: (1) I am notified before the exam date; (2) the reason for missing the exam is sensible; and (3) the make-up exam is taken before the answers to the exam are uploaded to D2L. However, given that the final exam replaces any exam score that is less than the final exam score, the score received on the final exam replaces the “zero” assigned for missing an exam.

Tardiness

Arriving late to class is unacceptable, as doing so disrupts the entire class. “On time” means being seated and ready for class at the time class is set to begin, not walking in the classroom at that time. At this point, I do not want to have a policy regarding tardiness, other than to say it should be avoided. If tardiness becomes a problem, I will pursue extreme ways to address the issue (e.g., reducing the grades of violators, locking the door when class begins, etc.), as it may be necessary to raise the cost significantly in order to deter the practice of arriving late. If everyone arrives on time, there will be no need for a policy regarding tardiness.

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, 608-785-6900, ability@uwlax.edu) at the beginning of the semester. Students who are currently using the Disability Resource Services office will have a copy of a contract that verifies they are qualified students with disabilities who have documentation on file in the Disability Resource Services office. It is the student's responsibility to communicate his/her needs with the instructor in a timely manner. Review the Disability Services office website at <http://www.uwlax.edu/drs/>. Information about accessibility with Desire2Learn (D2L) can be found here: <http://www.desire2learn.com/products/accessibility/>.

Academic Misconduct

Statement of Principles

The Board of Regents, administrators, faculty, academic staff, and students of the University of Wisconsin system believe that academic honesty and integrity are fundamental to the mission of higher education and of the University of Wisconsin System. The University has a responsibility to promote academic honesty and integrity and to develop procedures to deal effectively with instances of academic dishonesty. Students are responsible for the honest completion and representation of their work, for the appropriate citation of sources, and for respect of others' academic endeavors. Students who violate these standards must be confronted and must accept the consequences of their actions.

What is Academic Misconduct?

Academic misconduct is an act in which a student (a) seeks to claim credit for the work or efforts of another without authorization or citation; (b) uses unauthorized materials or fabricated data in any academic exercise; (c) forges or falsifies academic documents or records; (d) intentionally impedes or damages the academic work

of others; (e) engages in conduct aimed at making false representation of a student's academic performance; or (f) assists other students in any of these acts.

Examples

Examples of academic misconduct include, but are not limited to cheating on an examination; collaborating with others in work to be presented, contrary to the stated rules of the course; submitting a paper or assignment as one's own work when a part or all of the paper or assignment is the work of another; submitting a paper or assignment that contains ideas or research of others without appropriately identifying the sources of those ideas; stealing examinations or course materials; submitting, if contrary to the rules of a course, work previously presented in another course; tampering with the laboratory experiment or computer program of another student; knowingly and intentionally assisting another student in any of the above, including assistance in an arrangement whereby any work, classroom performance, examination or other activity is submitted or performed by a person other than the student under whose name the work is submitted or performed.

Technical Support

There are several tutorials and handbooks about D2L listed on this website: <http://www.uwlax.edu/ats/d2l/student.htm>. In addition, you can contact ITS Support Center at (608) 785-8774 or itssupport@uwlax.edu for any questions about D2L or other technological difficulties. The hours for ITS are as follows: Monday through Thursday from 7:30 am to 6:30 pm, and Friday from 7:30 am to 4:30 pm, Central Time.

Syllabus Changes

I reserve the right to change the course syllabus. If changes are made, adequate notice will be provided. I *will not* change the ways in which grades are assigned, with the exception of a possible change in policy regarding tardiness. As I mentioned above, there is no formal policy on tardiness, but I reserve the right to adopt one should it become necessary. The most likely changes will be to the course outline (see below).

Course Outline

Chapter 1 – Seven Principles of Microeconomics
Chapter 2 – Thinking Like An Economist
Chapter 4 – Supply and Demand
Chapter 5 – Elasticity
Chapter 6 – Supply, Demand and Government Policies

Exam #1

Chapter 7 – Market Efficiency
Chapter 8 – The Costs of Taxation
Chapter 9 – International Trade
Chapter 13 – Production and Costs
Chapter 14 – Perfect Competition

Exam #2

Chapter 15 – Monopoly
Chapter 17 – Oligopoly
Chapter 10 – Externalities
Chapter 11 – Public Goods and Common Resources
Chapter 22 – Frontiers in Microeconomics (only section 22-1 on Asymmetric Information)

Exam #3

Comprehensive Final Exam (Optional)

Date	Day of Week	Content	D2L Quizzes	Exams
9/8/2015	Tuesday	Syllabus		
		Introduction		
9/9/2015	Wednesday		Chapters 1 and 2 (Quiz #1)	
9/10/2015	Thursday	Chapters 1 and 2		
9/14/2015	Monday		Chapter 4 (Quiz #2)	
9/15/2015	Tuesday	Chapter 4		
9/17/2014	Thursday	Chapter 4		
9/21/2015	Monday		Chapter 5 (Quiz #3)	
9/22/2015	Tuesday	Chapter 5		
9/24/2015	Thursday	Chapter 5		
9/28/2015	Monday		Chapter 6 (Quiz #4)	
9/29/2015	Tuesday	Chapter 6		
10/1/2015	Thursday	Chapter 6		
10/6/2015	Tuesday			Review
10/8/2015	Thursday			Exam #1
10/12/2015	Monday		Chapter 7 (Quiz #5)	
10/13/2015	Tuesday	Chapter 7		
10/14/2015	Wednesday		Chapter 8 (Quiz #6)	
10/15/2015	Thursday	Chapter 8		
10/19/2015	Monday		Chapter 9 (Quiz #7)	
10/20/2015	Tuesday	Chapter 9		
10/21/2015	Wednesday		Chapter 13 (Quiz #8)	
10/22/2015	Thursday	Chapter 13		
10/27/2015	Tuesday	Chapter 13		
10/28/2015	Wednesday		Chapter 14 (Quiz #8)	
10/29/2015	Thursday	Chapter 14		
11/3/2015	Tuesday	Chapter 14		
11/5/2015	Thursday			Review
11/10/2015	Tuesday			Exam #2
11/11/2015	Wednesday		Chapter 15 (Quiz #10)	
11/12/2015	Thursday	Chapter 15		
11/17/2015	Tuesday	Chapter 15		
11/18/2015	Wednesday		Chapter 17 (Quiz #11)	
11/19/2015	Thursday	Chapter 17		
11/24/2015	Tuesday	Chapter 17		
11/26/2015	Thursday		Thanksgiving Break	
11/30/2015	Monday		Chapter 10 (Quiz #12)	
12/1/2015	Tuesday	Chapter 10		
12/3/2015	Thursday	Chapter 10		
12/7/2015	Monday		Chapters 11 and 22 (Quiz #13)	
12/8/2015	Tuesday	Chapters 11 and 22		
12/10/2015	Thursday			Review
12/15/2015	Tuesday			Exam #3
12/18/2015	Friday			Final Exam (2:30 pm – 4:30 pm)
12/21/2015	Monday			Final Exam (2:30 pm – 4:30 pm)
12/22/2015	Tuesday			Final Exam (2:30 pm – 4:30 pm)