



JOHNSON & WALES
U N I V E R S I T Y

COURSE TITLE: Microeconomics
COURSE NUMBER: ECON 2002
MEETING TIME: Tues/Thus 3:50 – 5:45
MEETING ROOM: Charlotte Academic Center 425
QUARTER CREDIT HOURS: 4.5
CONTACT HOURS: 45
PREREQUISITE(S): Macroeconomics (ECON 1001)

INSTRUCTOR: Adam C. Smith
EMAIL: Adam.Smith@jwu.edu
OFFICE HOURS: (by appointment)

COURSE DESCRIPTION:

In this course, you will learn how to think critically about individual choice. For the most part, we will examine how choice operates in markets. We will explore how price and other incentives inform individual decision-making through an examination of several different contexts including market exchange, interaction within the firm, and the political marketplace. This analysis will be supplemented using an interactive learning process called experimental economics.

TEXTBOOKS:

(All texts are required)

N. Gregory Mankiw, “**Essentials of Economics**”, Thomson Southwestern, 5th Edition

Tyler Cowen “**Discover your Inner Economist: Use Incentives to Fall in Love, Survive Your Next Meeting, and Motivate Your Dentist**”, Dutton Adult, 2007

EVALUATIVE CRITERIA:

HW Assignments (3 total)	10%
Experiments	10%
Team Project	20%
Midterm Exam	30%
Final Exam	30%

COURSE OBJECTIVES:

Upon satisfactory completion of this course, a student should have the ability to:

1. Understand the nature of incentives and how they affect choice.
2. Examine the underlying determinants of supply and demand and trace the relationship between the two in graph format.
3. Comprehend the concept of market equilibrium and what outcomes are likely to emerge from certain market fluctuations.
4. Define, calculate, and interpret price elasticity of demand, cross elasticity, income elasticity, and the price elasticity of supply.
5. Understand the concept of welfare as used in economics and why competitive markets maximize consumer and producer welfare.
6. Understand the rationale for why firms exist.
7. Analyze the profit maximization efforts of firms and the economic meaning of profits and losses.
8. Examine the cost structure of the firm including the concept of rent and the shut-down decision.
9. Explain the key features of the four basic market models of a market structure and interpret numerical tables and graphs for these models.
10. Apply price theory to real-world pricing strategies.
11. Note the four major reasons why markets fail in practice.
12. Describe the major regulatory efforts of markets and their shortcomings.
13. Understand the economic analysis of voting and other political markets.

CONTENT OUTLINE:

- I. Choice and Markets
 - A. Choice and the Allocation of Scarce Resources
 1. Scarcity, rational choice, and opportunity cost
 2. Supply – Demand analysis
 3. Market equilibrium
 - B. Elasticities and Applications
 1. Price elasticity of demand
 2. Price elasticity of supply
 3. Cross elasticity
 4. Income elasticity
 - C. Welfare Economics
 1. Gains from trade
 2. Price and other allocation mechanisms
 3. Market intervention
- II. Costs of Production and Economics of the Firm
 - A. The Nature of the Firm
 1. The rationale for why firms exist
 2. Accounting profits, normal profits, and economic profits
 3. Fixed, variable, and marginal costs

4. Short run and long run analysis
 - B. Price and Output Determination
 1. Competition
 2. Monopoly
 3. Features of monopolistic competition
 4. Types and characteristics of oligopoly
 - C. Applications of Price Theory
 1. Price discrimination
 - a. Perfect price discrimination
 - b. Two-part tariff
 - c. Bundling
 - a. Quality control
 - b. Block pricing
 2. Durability
- III. Political Economy
- A. Government and Market Failure
 - a. Monopoly
 - b. Asymmetric information
 - c. Externalities
 - d. Public goods
 - C. Theories of economic regulation
 - D. Politics as a marketplace

SPECIAL NEEDS:

Please inform me of any special needs accommodations required. Accommodations will be made once proper documentation is received from the Special Needs Office. The student must request this.

ACADEMIC INTEGRITY:

Academic integrity is an essential part of our institutional mission. Any student found responsible for cheating, plagiarizing or any other way compromising academic integrity may be subject to both academic disciplinary action (including dismissal from class) and student conduct review action (up to and including dismissal from the University). For further details of university policies on academic conduct, see Academic Policies in the Student Handbook.

TURN-IT-IN NOTIFICATION:

Students agree that by taking this course, required assignments may be subject to submission to Turnitin.com for detection of plagiarism. All submitted papers will be included as source documents in the Turnitin.com reference database solely for the purpose of detecting plagiarism of such papers. Use of the Turnitin.com service is subject to the Usage Policy posted on the Turnitin.com site.

STUDENT EMAIL:

Students are required to obtain and use a J&W email account. All correspondence about the class must be through email and hence it is important that you check your email daily and respond to any email promptly if needed.

CLASSROOM POLICIES:

Attendance Policy: There is no formal attendance policy in this class. However, regular class attendance is essential to student success. Regular class attendance provides fundamental educational value and offers the most effective means for students to gain command of the concepts and materials of their courses of study. Further, attendance allows for interaction in class discussions and activities, which are vital to a student's own education and that of other students. Responsibility for class attendance, though, belongs to the student, not the instructor. For the purposes of financial aid and verification of enrollment, a student is considered enrolled in the term if they are in attendance by the second class meeting or for online courses, by meeting the first stated assignment. If students do not meet these criteria, they will be withdrawn without academic penalty from the course (i.e., as never attended) and, when appropriate, issued a tuition adjustment in accordance with the tuition and fees credit policy. **It is the student's responsibility to notify Student Academic & Financial Services of any courses that he/she wishes to drop from his/her schedule, as well as any intent to leave the university. Discontinuing attendance or notifying an instructor does not constitute an official course or university withdrawal.**

Make-up Tests: No make-up tests will be offered in this class. No exceptions. Excused absences from an exam will result in the entire weight being transferred to the other exam.

Classroom Conduct: Students are expected to conduct themselves in a professional and respectful manner towards both their instructor and one another. Disrespectful behavior will be met with the appropriate disciplinary action (which ranges from a verbal warning to dismissal from the class to forced withdrawal from the course).

Dress Code: In all academic classes there is a professional dress policy. Nametags are to be worn at all times. There are no exceptions. Students who are inappropriately dressed (which includes flip flops, tennis shoes, hats, low-cut blouses or jeans) will be dismissed from class and considered absent for the day. Such action may also result in judicial review. For further details of university policies see Academic Dress Policies in the Student Handbook.

Other policies: Communication Devices must be turned **off** in the classroom. No food or drink is allowed in the classroom. Persons other than registered students are not allowed to attend academic sessions, laboratory classes, computer labs, and other University academically supported areas.

Reading Schedule:

Date	Topic	Readings
		<i>Mankiw</i>
30-Nov	Syllabus	
2-Dec	Overview of Microeconomics	Ch. 1 (pp. 3-12); Ch. 2 (pp. 22-28, 30-36)
7-Dec	NO CLASS	
9-Dec	Supply and Demand	Ch. 4 (pp. 65-68, 73)
14-Dec	Market dynamics	Ch. 4 (pp. 69-72, 74-85)
16-Dec	Elasticity	Ch. 5 (pp. 89-108)
4-Jan	Market Welfare	Ch. 7 (pp. 137-154); Ch. 6 (pp. 113-130); Ch. 8 (pp. 159-172)
6-Jan	Review	
11-Jan	Midterm	
13-Jan	Overview of Firm	Ch. 12 (pp. 243-246)
18-Jan	Cost Structure of Firm	Ch. 12 (pp. 247-258)
20-Jan	Competition	Ch. 13 (pp. 265-282)
25-Jan	Monopoly and other market structures	Ch. 14 (pp. 287-302)
27-Jan	Pricing strategies	Ch. 14 (pp. 302-308)
1-Feb	Field Experiment	
3-Feb	Market Failures	Ch. 10 (pp. 203-209, 215-220); Ch. 11 (pp. 225-237)
8-Feb	Regulation	Ch. 10 (pp. 209-215); Ch. 14 (pp. 308-314)
10-Feb	Political Economy	
15-Feb	Term Projects	
17-Feb	Term Projects	
22-Feb	Review	
24-Feb	Final Exam	