Course Syllabus

Prerequisite:
Math 1501, or a level 3 or higher score on the math placement exam

General Education
This course will count as a general education course in the domain of Societies and Institutions unless you have already taken ECON 1501, 1502, or 1503. A description of the general education goals for the course is attached.

Course Goals
The course has three major goals. The first goal is to give you an understanding of how markets work and how they allocate resources to meet consumers’ needs. As part of this goal we will discuss how prices serve as signals to firms as to which products should be produced, and how profits provide firms with incentives to change the amount produced. Also as part of this goal we will discuss situations where markets will produce “too much” or “too little” of a good. This may occur because of lack of competition or because the production of the good has a negative effect on the surrounding community (such as in the case of a manufacturing plant that creates pollution).

The second major goal is to provide business students with knowledge of how to maximize profits. Topics included under this goal include methods of measuring how a firm’s revenue will change when the price of a good is changed, the profit-maximizing level of output of a firm both when the firm faces competition and when it does not, and a firm’s profit-maximizing level of employment.

The final goal is to understand how income is distributed in a market system. We will discuss how markets determine wage rates, institutional and societal factors that affect wages, and the distribution of income in the US.

Means of Communication:
Telephone: (330) 941-3431
E-mail: tsporter@ysu.edu
Economics Dept: (330) 941-3428

Office Hours: Office hours will be held Monday, Wednesday and Friday from 10:15 to 11:15; and by appointment. My office is in Room 303 of DeBartolo Hall.

Web Site: Information about the class, including a copy of this syllabus and review sheets will be posted at www.as.ysu.edu/~tsporter.
**Exams:** Exams will consist of a number of different types of questions, including True/False, short essay, definitions, numerical problems, and graphical problems. Makeups of exams will only be given if there are very extreme circumstances and you contact me or leave a message for me before the exam.

**Quizzes:** Six quizzes each worth 10 points will be given. The lowest quiz score will be dropped. There will be no makeups for quizzes. If you miss a quiz for any reason that quiz will be the one which is dropped.

**Attendance:** Attendance is not required. However, you are responsible for all material covered in class regardless of whether or not it appears in the text. If you do miss a class, you should get the notes for that class from another student.

**Text:** *Principles of Microeconomics, 4 ed.* by Robert Frank and Ben Bernanke

**Grades:** It will be possible to earn a total of 400 points. There will be two 1-hour exams, each worth 100 points, and a 2-hour comprehensive final exam worth 150 points. Quizzes will be worth a total of 50 points. Your final grade will be assigned according to the scale shown below:

- A 85 - 100% (340-400 points)
- B 75 - 84% (300-339 points)
- C 65 - 74% (260-299 points)
- D 55 - 64% (220-259 points)
- F Below 55%

**Disability Policy**
In accordance with University procedures, if you have a documented disability and require accommodations to obtain equal access in this course please contact me privately to discuss your specific needs. You must be registered with the Disability Services Office and provide a letter of accommodations to verify your eligibility. The Disability Services Office is located at 36 Westwood St. (behind the YWCA), the phone number is (330) 941-1372.
Class Schedule

Chapters 1-5
Economics: Thinking Like an Economist, Comparative Advantage, Supply and Demand, Elasticity, and Demand

The first chapter discusses some of the basic principles used in economic analysis. The second chapter explains how specialization and trade can result in higher levels of consumption. The third chapter discusses how competitive markets set prices. Measurement of the sensitivity of changes in quantity to changes in price is discussed in the fourth chapter. The fifth chapter examines how consumers choose a mix of goods that maximizes their well-being.

First Exam, May 28

Chapters 6-10
Perfectly Competitive Supply; Efficiency and Exchange; The Invisible Hand in Action; Monopoly, Oligopoly, and Monopolistic Competition; Games and Strategic Behavior

The first chapter introduces how firms in a competitive market will choose a level of output that maximizes profit. The next chapter describes how competitive markets lead to a mix of goods that matches consumers’ preferences and how interventions in the market will distort the mix. The role of profits in allocating resources across industries is discussed on the next chapter. The fourth chapter discusses markets in which firms have control over the price charged for their output. The last chapter discusses how to analyze situations where the behavior of one firm affects the options open to another firm.

Second Exam, June 14

Chapters 11-15
Externalities and Property Rights; Economics of Information; Labor Markets, Poverty, and Income Distribution; The Environment, Health and Safety; and Public Goods and Tax Policy (note time constraints may not allow us to cover all of these chapters)

The first chapter discusses how markets may not produce an efficient level of output when the production of the good imposes costs to society that are not captured in the price of the good, such as when a manufacturing plant creates air or water pollution. The next chapter examines how markets can be distorted if a buyer has less information about the good being sold than the seller. The third chapter discusses factors that determine how wages are set and information on the distribution of income. The fourth chapter applies some of the tools of economic analysis to different public policy issues. The final chapter describes how markets may produce too little of goods which can be consumed by many people simultaneously (like a road).

Final Exam: June 25

The last day to withdraw with a "W" is June 10. All exam dates are tentative.
General Education Goals
Economics 2610 fulfills a Societies and Institutions requirement for General Education by meeting Goals 11 and 12.

Goal 11: Evaluate the impact of theories, events and institutions of the social, economic, legal and political aspects of society

How Goal 11 is met:

The objective of this course is to study the decisions of individual households and firms and the allocation of resources in individual markets. During this exploration, we will ask specific relevant real world questions which will cause us to evaluate the impact that these theories have on the economic aspects of society. Through our study of markets, we will learn the issues involved with producing and distributing output. First we will examine the product market and the theories of supply and demand and see how prices of good and services are determined. In our discussion of labor market theory, we will learn how wages are determined and what might cause differences in wages (wage discrimination). We will examine issues of income distribution and poverty and specifically how income differs with education, gender, and social prejudices. We will also focus on the way in which consumers and firms reach their goals and objectives, given the constraints they face. We will examine the theory of utility maximization and later of profit maximization. We will look at profit maximization under different assumptions of market structure. We will examine the theory of regulation and the specific ways in which government institutions choose to regulate firms. We will also consider the effects of government regulation of prices on social welfare and resource use. Your ability to critically evaluate specific economic proposals, predict the outcomes of proposals, and determine the appropriate policy is enhanced through your study of microeconomic theory, events and institutions.

Goal 12: Comprehend and appreciate the development of diversity in America in all its forms.

How Goal 12 is met:

The role of diversity in microeconomics will be discussed in many ways. First, we will pay specific attention to diverse needs and goals of the participants in the economy. In a market system the actions of one participant are needed to reinforce or constrain the actions of other participants. The economy as a system needs all of its participants. You will gain an understanding of the role of the different participants and their effects on social welfare maximization. The discussion of diversity will be important in many specific topics as well. For example, in our discussion on poverty, we will examine the poverty rates and how those rates differ by demographics. We will also discuss the various responses to economic incentives (for example, a tax on cigarettes has been shown to be more effective in reducing smoking among teenagers than for adults), and how markets provide a system for efficiently meeting the needs of diverse populations.