

Principles of Microeconomics (Honors)
Sections at 2:10 and 3:35
Spring 2010
Professor Mary Hansen

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Spring 2010 Office Hours: M 10:30 a.m.– 1 p.m; Th 12:30 noon – 2 p.m.

You will find a copy of syllabi on my home page:

<http://academic2.american.edu/~mhansen/>

Relax! Don't listen to what other people tell you about econ courses. Throw any negative previous experiences out the window. Ours is an immensely fun class. But it is an immensely busy one. In one short term, just a few brief weeks, you will learn the basics of economic analysis—and it will change the way you look at your world.

The goal of Principles of Microeconomics is to explore how an economist views the way people make choices, and to work through the implications of the economist's view. We will look at the choices of individuals and households, and we will look at the choices of firms and governments. We will develop a systematic way of describing how choices are made, and we will follow through with a systematic analysis of how choices change when circumstances change.

Some of you might be so impressed by the economist's view of the world that you adopt it as your own. I did. Others of you might come to believe that the economist's view is hogwash. That's fine, too. The economist's view is one way to look at the world. It is not the only way. But, just as in your philosophy class you learn the tenets of philosophies that you might not espouse in order that you might be knowledgeable about others' perspectives, in Principles of Microeconomics you will learn about a view that influences the world around you.

Because this course moves fast, it is imperative that you (a) keep up with the reading, (b) do the quizzes and problems in the text, and (b) ask me a question as soon as there is a point that needs clarification.

Please allow me a few words about teaching and learning: I don't usually lecture, at least not in the usual sense of the term. A typical class meeting will start out with time for questions, then move on to problem-solving, activities or discussion intended to reinforce the main point of the reading. This approach to teaching has many advantages. It's more fun. It's seldom boring. We get to know each other. We get to learn from each other. We remember the main points more clearly. But this approach to teaching requires active participation, during and especially between each class meeting. We must do some preparation in advance or the in-class problems and activities can't do their jobs. We must prepare questions about the reading or the Q&A times can't do their job. Past students tell me that the methods of teaching and learning utilized in this class take some adjustment—their many successes tell me it's worth it.

Specific Learning Objectives:

Students will apply the logic of marginal analysis to the following situations:

1. Competitive market equilibrium for a product or service
2. Individual/household demand for a product or service
3. Individual/household supply of labor
4. A competitive firm's supply of a product or service
5. A competitive firm's demand for an input
6. A monopolist's pricing and output decisions

Students will use partial equilibrium analysis to explain the outcome (in terms of price and quantity) of the following situations:

7. A change in determinants of demand
8. A change in determinants of supply
9. The imposition of a tax
10. The imposition of a price control
11. A bill currently before Congress

Students will use welfare analysis to explain the outcome (in terms of efficiency and redistributive effects) of the following changes in circumstances:

12. The imposition of a tax
13. The imposition of a price control
14. A bill currently before Congress

Students will

15. Articulate at least one objection to mainstream economics.

Text: N. Gregory Mankiw, *Principles of Microeconomics*. Mankiw's twin goals in writing the book were clarity and brevity. Gotta like that. The book is in its fourth edition, but you may use any edition of the book. I recommend the using the web site for students that is referenced in the book. If you are math-o-phobic, I recommend buying and using the Study Guide.

Exams: There are three in-class midterm exams and a cumulative final, see attached course schedule. Your three highest exam grades count towards your course grade. Each counts for one-fourth of the course grade. Your lowest exam grade will be dropped. The format is multiple choice, and exams are approximately 45 questions long. Exam conflicts must be resolved at least one full week before a scheduled exam. Exam make-ups due to extreme emergency (we are talking serious, documentable emergency here) must be taken within one week of the missed exam.

Assignment: Tap you inner policy wonk! Pairs of students will explore and present on a policy proposal suggested in the presidential campaign or on a bill presented in Congress. The objective of the assignment is to use the systematic economist's view to predict the effect of a proposal if it becomes law. Full details appear after the course schedule. The assignment counts for one-fourth of the course grade. Attendance at all presentations is required of all students; absence from another group's presentation will lower your own assignment grade by one letter (except for documented emergency).

Standards of Evaluation: A grade of "A" is earned through superior work and unceasing effort; a grade of "B" is earned through excellent work and consistent effort; a grade of "C" is earned for satisfactory work and reasonable effort; a grade of "D" is earned for incomplete and/or unsatisfactory work demonstrating little effort; a grade of "F" is earned through unsatisfactory work and absence of effort.

Inclement Weather: In case of inclement weather, class will be held via Blackboard. We will have class via BB even if the AU campus is CLOSED due to weather. Any BB session will be archived for future viewing, so don't worry if your Internet access is impeded.

Academic Integrity: Standards of academic conduct are set forth in the University's Academic Integrity Code. Any violations of the Code will be treated seriously. Please see me if you have any questions about how the Code relates to particular requirements for this course.

General Education Information: Principles of Microeconomics is a second-level course in Area 4, Social Institutions and Behavior, of the University's General Education Program.

Course Schedule:

Date	Reading
M 1-10	Intro and warm-up
Th 1-13	Ch. 1& 2
Th 1-20	Ch. 3
M 1-24	Ch. 4
Th 1-27	Ch. 5
M 1-31	Ch. 6
Th 2-3	Ch. 7
M 2-7	Review
Th 2-10	First Exam
M 2-14	Ch. 8-9
Th 2-17	Ch. 10-11
M 2-21	Ch. 21
Th 2-24	Ch. 21 and Ch. 12
M 2-28	Ch. 13
Th 3-3	Ch. 13 10 th entry in Wonk blog due.
M 3-14	Review
Th 3-17	Second Exam
M 3-21	Ch. 14 Narrow down Wonk policy options.
Th 3-24	Ch. 14
M 3-28	Ch. 15
Th 3-31	Ch. 17 Draft of Wonk analysis due.
M 4-4	Ch. 18
Th 4-7	Third Exam
M 4-11	Presentations & begin Ch. 19
Th 4-14	Presentations & continue Ch. 19, begin Ch. 20
M 4-18	Presentations & continue Ch. 20
Th 4-21	Presentations & begin Ch. 22
M 4-25	Presentations & continue Ch. 22
	Fourth Exam 4-28 or 5-2 at 2:10

Assignment: Inner Policy Wonk

Find another student with whom you share an interest in some area of policy. Choose policy problems that came up as part of the last Congressional election, are likely to appear in Congressional debate in the next year, or are likely to be at issue in the next Presidential/Congressional campaign. Some policy topics are obviously “economic” (for example: the recent tax compromise). Do not feel limited to such obvious problems; instead, choose problems that interest you (for example: the fate of the DREAM Act). Don’t worry; the economist’s view as we will come to know it can be applied to any kind of decision we face.

For the first half of the semester, follow your policy topic in the news. Keep a blog in Blackboard.

In the couple of weeks after Spring Break, narrow your topic down to a specific policy issue (for example, if you were following the tax compromise, you might narrow to studying the effects of the payroll tax holiday; if you were following the fate of the DREAM act, you might narrow to studying whether immigrants should be allowed in-state tuition). Develop an economic analysis of policy option(s) on your specific issue. An economic analysis of a policy option predicts what will happen if the policy option is enacted. An economic analysis must use the economist’s view: we will come to call the economist’s view *marginal analysis*. Write up your policy analysis in three or fewer pages and submit it via Blackboard. Include a graph showing the effect of the proposed policy. Professor Hansen will comment on your first draft and suggest revisions.

After revising your draft, prepare a 15 minute presentation for the class. The presentation should cover the main problem to be solved by policy, how proposals have developed over the semester, and your analysis. Upload a copy of your presentation to Blackboard.

Due dates:

Thursday, 3-3: Have at least 10 blog entries.

Monday 3-21: Let Prof. Hansen know which policy option you will focus on.

Monday 3-31: First draft of written policy analysis due.

Presentations: 4-11 until last day of class.