

The Ohio State University
Department of Economics

Econ. H200
Autumn 2006
Tuesdays and Thursdays 12:30 - 2:18, Derby Hall 62

Prof. James Peck

Syllabus: Principles of Microeconomics (Honors)

Course Objective: To provide a thorough introduction to economic theory. Starting from the basic ideas of tradeoffs, opportunity cost, and the benefits of trade, we will study how the market forces of supply and demand cause prices to be what they are. We will see the sense in which market economies are efficient, and the way governments can make our economy less or more efficient. We will delve behind the supply curve to see how firms choose their production levels to maximize profits, culminating in the model of perfect competition. Time permitting, we will look at market failures such as imperfect competition (monopoly and oligopoly) and externalities.

Course Website: <http://www.econ.ohio-state.edu/jpeck/EconH200.htm>

Text: Mankiw, N. Gregory, "Principles of Microeconomics," Thomson South-Western, 2007.
Student resources are available by

1. Visiting <http://mankiw.swlearning.com>
2. Clicking on the correct text (Microeconomics, 4th Edition)

Grading:	Homework	10 %	
	Midterm Exam #1	25 %	(Tuesday, October 17)
	Midterm Exam #2	25 %	(Thursday, November 9)
	Final Exam	40 %	(Tuesday, December 5, 1:30 - 3:18 pm)

There will be 5-7 homework assignments. Late homeworks will not be accepted without prior permission from me. **Extra Credit:** If you lead the discussion of one of the "In the News" segments or write a 2-3 page analysis of a newspaper or magazine article that I approve, your score will replace your lowest homework score.

If you have a valid excuse for missing a midterm exam, which usually must be cleared with me in advance, then the other midterm will count for 35% and the final will count for 55%.

Office: 440 Arps Hall, 292-0182, peck.33@osu.edu . Office hours will be on Mondays, 11:00 - 12:00 and Wednesdays, 3:00 - 4:00. It will be helpful if you let me know in advance that you intend to visit. Appointments are also available.

Teaching Philosophy:

This course is best suited to a lecture format, although students are encouraged to ask questions and participate. I spend so much time talking to other economists that I sometimes use economics "jargon" without realizing it--stop me and ask what a new word means. If you are prepared for class but something I say is confusing, let me know! On the other hand, I will resist slowing down the class for a few people who are unprepared. Everyone is expected to read about each topic in the text before the topic is presented in class.

You will only be tested on the material covered in class. For example, I will not ask you a test question that expects you to remember a topic or application from the text not covered in class. Instead, the text should be used to help you understand the lectures. (1) Before class, be prepared by reading a little bit ahead in the text and looking at the lecture slides if they are posted. If you have already seen the material, the lectures will be easier to follow. (2) After class, reread the text. Sometimes the text will explain a concept better than I did in class. (3) In studying for tests, use the text to "flag" material covered in class that still is not clear. Also, take advantage of the text's website.

Homeworks must be your individual work, and copying the answers of another student is definitely cheating. On the other hand, you are encouraged to get together in groups to discuss the course and even how to get started on the homeworks. If you have any questions about what is allowed and what is not, see me.

Mankiw has found some excellent newspaper and magazine articles that relate to the course topics. I think that it might be fun to have students lead the class discussion (about 10-15 minutes) on the following "In the News" segments: (1) Evolution and Economics, chapter 3, p. 56, (2) On the Road with Elasticity, chapter 5, p. 98, (3) Rent Control in New York, chapter 6, p. 120, and (4) Ticket Scalping, chapter 7, p. 151. If you would like to volunteer for one of these segments, *in exchange for dropping your lowest homework score*, let me know as soon as you can.

Course Outline (approximate dates in parentheses)

I. Introduction

Scarcity and tradeoffs, opportunity cost, thinking at the margin, markets.

Chapter 1 (week 1)

Thinking like an economist: assumptions, theories, and models. The production possibilities frontier, positive vs. normative analysis. Representing economic data with graphs, slope and elasticity, omitted variables and reverse causality.

Chapter 2 and its Appendix (week 1)

Specialization and trade, absolute advantage vs. comparative advantage.

In the News: Evolution and Economics

Chapter 3 (week 1)

II Supply and Demand

Competitive markets and price taking, the determinants of an individual's demand, the demand schedule, the demand curve, ceteris paribus, market demand. Shifts in the demand curve vs. movement along the demand curve. The determinants of individual supply, the supply schedule, the supply curve, market supply, shifts in the supply curve vs. movement along the supply curve. Excess supply, excess demand, and equilibrium

A Market Experiment

Chapter 4 (weeks 2 and 3)

Price elasticity of demand, price elasticity and total revenue, income elasticity of demand, normal and inferior goods, price elasticity of supply.

In the News: On the Road with Elasticity

Chapter 5 (week 4)

**** First Midterm *approximately* here

Price floors and price ceilings, how taxes affect markets, elasticity and tax incidence.

In the News: Rent Control in New York

Chapter 6 (week 5)

Consumer surplus, producer surplus, market efficiency and the invisible hand, market failure.

In the News: Ticket Scalping

Chapter 7 (week 5)

Taxation and deadweight loss, elasticity and deadweight loss, deadweight loss and tax revenue.

Chapter 8 (week 6)

III Firm Behavior and the Organization of Industry

Costs of production, economic vs. accounting profit, the production function, total cost, fixed cost, variable cost, average cost, marginal cost, short run and long run costs.

Chapter 13 (week 7)

**** Second Midterm *approximately* here

Perfect competition, profit maximization and the competitive firm's supply curve, the short run shut down decision, entry and exit in the long run, short run and long run market supply curves, market equilibrium.

Chapter 14 (weeks 8 and 9)

Monopoly, production and pricing decisions, welfare cost of monopoly, anti-trust laws and regulation, price discrimination.

Chapter 15 (week 10)

Time Permitting:

Oligopoly, collusion and cartels, game theory and Nash equilibrium, prisoner's dilemma.
Chapter 16

The Economics Department provides free tutoring services to students enrolled in ECON 200 and 201. The Economics Learning Center (ELC) is located in Arps 341, and is open Monday-Friday from 9:30-5:00. Other courses may be tutored when tutors have adequate experience and are available.

Academic integrity is essential to maintaining an environment that fosters excellence in teaching, research, and other educational and scholarly activities. Thus, The Ohio State University and the Committee on Academic Misconduct (COAM) expect that all students have read and understand the University's *Code of Student Conduct*, and that all students will complete all academic and scholarly assignments with fairness and honesty. Students must recognize that failure to follow the rules and guidelines established in the University's *Code of Student Conduct* and this syllabus may constitute "Academic Misconduct."

The Ohio State University's *Code of Student Conduct* (Section 3335-23-04) defines academic misconduct as: "Any activity that tends to compromise the academic integrity of the University, or subvert the educational process." Examples of academic misconduct include (but are not limited to) plagiarism, collusion (unauthorized collaboration), copying the work of another student, and possession of unauthorized materials during an examination. Ignorance of the University's *Code of Student Conduct* is never considered an "excuse" for academic misconduct, so I recommend that you review the Code of Student Conduct and, specifically, the sections dealing with academic misconduct.

If I suspect that a student has committed academic misconduct in this course, I am obligated by University Rules to report my suspicions to the Committee on Academic Misconduct. If COAM determines that you have violated the University's *Code of Student Conduct* (i.e., committed academic misconduct), the sanctions for the misconduct could include a failing grade in this course and suspension or dismissal from the University.

*** This material is available in alternative formats upon request.
Please contact Andrea Johnson (410 Arps Hall, Phone: 292-**

6701) for further information. Students with disabilities are responsible for making their needs known to the instructor, and seeking available assistance, in a timely manner.