

Asbury College

Microeconomics

Student Guide

ACHIEVE

Degree Completion Program



knowledge elements
educational products

(KEEP)

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COURSE DESCRIPTION

The first two chapters of this course will focus upon international economics. With the world becoming a global village, a fundamental understanding of the potential gains from trade with other nations is a key introduction to microeconomic theory. The remaining chapters will be a study of microeconomics which will focus on the choice of consumers, the operation of firms, the structure of markets, and the choices of market participants.

LEARNING OUTCOMES

The student will be able to demonstrate the following skills and knowledge base after completion of the course:

1. Understand the concept of comparative advantage as it relates to trade among nations.
2. Recognize why and how nations develop international trade policies.
3. Identify the determinants of exchange rates.
4. Recognize the economic implications of consumer choice.
5. Develop an economic way of thinking about costs.
6. Understand how production costs are determined for a firm.
7. Analyze the role of competition and profits in economic systems.
8. Describe the impact of competitive market forces on changing economic conditions.
9. Compare and contrast the concepts of competition and monopoly.
10. Understand the theory of oligopoly.
11. Apply profit maximization principles to the firm.
12. Understand labor markets and the consequences of unemployment.
13. Evaluate the link between productivity and earnings.
14. Understand the role of the stock market and capital investment decisions.
15. Describe the impact of capital markets on the wealth of nations.
16. Analyze the evidence of economic inequality and poverty.
17. Understand the level of poverty in the United States and contributors to poverty rates.

TEXTS AND MATERIALS

Text:

Gwartney, James D., Richard L. Stroup, Russell S. Sobel, and David A. Macpherson. *Economics: Private and Public Choice*. Eleventh Edition. Mason, OH: South-Western, a division of Thompson Learning, 2006. ISBN 0-324-20564-3.

Course Pack (2008). *Microeconomics*. Franklin, TN: knowledge elements, inc. Reference Number ECON31-01.

Bibliography (purchase not required):

The economic literature is vast. However, for the student interested in further reading in economics, you may find the following short list of interest. Included in the listing are some historical readings, some theoretical readings, lighter yet profound readings, and some very contemporary readings. Enjoy!

Buchholz, Todd G. *From Here to Economy*. Plume/Penguin Group, 1996.

Dunning, John H. *Making Globalization Good*. Oxford University Press, 2003.

Friedman, Thomas L. *The World is Flat*. Anchor Books, 2000.

Hay, Donald A. *Economics Today*. Eerdmans Publishing, 1991.

Lawrence, Robert Z. *Single World, Divided Nations*. Brookings Institution, 1996.

Reich, Robert B. *The Work of Nations*. Vintage Books, 1992.

Yergin, Daniel, and Joseph Stanislaw. *The Commanding Heights: The Battle for the World Economy*. Simon & Schuster, 2002.

STUDENT EVALUATION

Students in this course will be evaluated using the College's grading system. You should refer to the Student Handbook or the College Catalog for further details on the grading system. The criteria for determining that grade will be as follows:

1. (20%) Completion of the assigned exercises and readings (as set forth in the Student Assignments pages).
2. (20%) Participation in class discussion and group activities. The criteria will be the quantity and quality of the contribution to the group.
3. (50%) Final Paper—Refer to the next page for instructions on how to prepare the Final Paper. It must be turned in at the beginning of the first session of the next course or within seven (7) days following the last class session of this course, whichever occurs first.
4. (10%) Quality of comments, insight and extent of learning as reflected in the student's journal. The student is required to write in the journal at the close of each session and may add to it at other times such as after reading an assignment or completing an exercise. The journal is to be handed in with the Final Paper.

Attendance: Any class missed must be made up. The student is obligated to contact the instructor to make suitable arrangements. Unexcused absences and absences not made up will affect the student's final grade.

Late Work or Work Not Handed in: Any written exercise turned in after 6 p.m. on the due date or the Final Paper handed in after 6 p.m. of the first class session of the next course will result in a reduction in the grade for that item. Any assigned item not turned in will result in an "F" for that item and a reduction in the grade for the course.

The final grade will be available to the student approximately seven days after the Final Paper is submitted.

FINAL PAPER

The questions to be addressed are shown below. Any material may be used in the preparation, including talking with other students; but the work handed in must be in the words of the student whose name appears on the paper. This paper should take approximately four hours to complete.

The Final Paper is to be submitted in typewritten, double-spaced form on one side only of 8½" by 11" white paper. A cover page should include the student's name, course name, instructor's name and the date submitted.

Your score will be based upon your ability to demonstrate your understanding of significant economic concepts and your ability to explain why each concept is important.

1. Required Questions:

- a. What is the single most important economic concept you learned in this course and what makes it so important?
- b. Select one of the "Special Topics" covered in this course and relate that topic to the concept of supply and demand.

2. Complete any four of the following:

- a. What role does entrepreneurship provide in the American economy?
- b. Compare and contrast the concepts of competition and monopoly.
- c. What are the root causes of poverty in the world today? What solutions would you offer to significantly reduce poverty?
- d. The underlying philosophy of communism is "from each according to his ability; to each according to his need." Applying the economic concepts you have studied in this course, what were the economic conditions that led to the demise of communism as an economic system in all but four nations in the world?
- e. Why are wages higher in some countries (i.e., the United States) compared to others (i.e., China, India)?

COURSE OVERVIEW

This accelerated course is one of a two-course sequence of Macroeconomics and Microeconomics designed to fulfill the economics component of a major in a business area, or as an introductory course for an economics major. The emphasis is on understanding the fundamental concepts of making managerial decisions using economics and then applying them to managerial situations.

The text was selected because it offers practical, real-world examples and applications to keep the material interesting and relevant. Throughout the course you are encouraged to be attuned to economic activities in the nation and the world. Each day the media reports on issues that are directly related to the topics that are covered in this class. Please bring items of interest to class to include in discussion and application of the course material.

Those of you are employed will have opportunity to apply what you are learning about economics and decision making right away in your work. Even those of you without regular employment will be able to apply many of the concepts to your personal lives. Although the study of economics has rhetorically been referred to as "the dismal science," we will do everything we can throughout the duration of this course to keep it stimulating, engaging and interesting!

A Final Paper is included in the Student Guide and is intended to be a combination of (1) testing for understanding of concepts and (2) testing your ability to apply those concepts to actual situations.

We wish you enjoyment and success in this course!

LOGISTICS CHART

Hour	Week 1	Week 2	Week 3	Week 4	Week 5
1	Course Introduction Gaining from International Trade	Consumer Choice and Elasticity	Price Searchers and Low Entry Barriers	Supply and Demand for Productive Resources	Investment, Capital, and Wealth of Nations
2	(continued) Break	Costs and the Supply of Goods Break	(continued) Price Searchers and High Entry Barriers Break	Do We Have a Saving Crisis? Break	(continued) Income Inequality and Poverty Break
3	International Finance and Foreign Exchange	Price Takers and Competition	Price Searchers and High Entry Barriers, Continued	Earnings, Productivity and the Job Market	Income Inequality and Poverty, Continued Government Regulation
4	Health Care Wrap-up and Looking Ahead Journal Entry	School Choice Wrap-up and Looking Ahead Journal Entry	Discrimination and Earnings Wrap-up and Looking Ahead Journal Entry	Labor Unions Wrap-up and Looking Ahead Journal Entry	(continued) Wrap-up and Looking Ahead Journal Entry Course Evaluation

STUDENT ASSIGNMENTS

Week One

1. Read the Course Overview in the Student Guide.
2. Read Chapters 17-18 in Gwartney.
3. Complete written responses to the following Critical Analysis Questions found at the end of the assigned chapters in the text:

Chapter 17: #1, 3, 15 (p. 390)

Chapter 18: #2, 6, 10 (pp. 411-412)

4. Read Special Topic #8, "The Economics of Health Care" (pp. 673-682). Prepare a short essay (no more than one page, typewritten, double-spaced) reflecting upon the following questions: Would you be in favor of a national health system? Did this reading influence your answer? Explain. Although written responses are not required, all students must be prepared to answer and discuss the Critical Analysis Questions at the end of the topic.

Week Two

1. Read Chapters 19-21 in Gwartney.
2. Complete written responses to the following Critical Analysis Questions found at the end of the assigned chapters in the text:

Chapter 19: #4, 5, 6 (p. 435)

Chapter 20: #3, 4, 9 (p. 465)

Chapter 21: #3, 4, 12 (pp. 485-486)

3. Read Special Topic #9, "School Choice: Can It Improve the Quality of Education in America?" (pp. 683-690). Prepare a one-page (typewritten, double-spaced) essay first briefly describing your primary school experience then reflecting upon how availability of school choice may or may not have altered your school experience. Although written answers are not required, be prepared to answer and discuss the Critical Analysis Questions at the end of the topic.

Week Three

1. Read Chapters 22-23 in Gwartney.
2. Complete written responses to the following Critical Analysis Questions found at the end of the assigned chapters in the text:

Chapter 22: #5, 6, 9 (p. 505)

Chapter 23: #2, 9, 14 (pp. 528-529)

3. Read Special Topic #10, "Is Discrimination Responsible for the Earnings Differences between Men and Women?" (pp. 691-696). Prepare a one-page (typewritten, double-spaced) essay reflecting upon the following topic: During your lifetime, what social and cultural changes have occurred which reflect shifting gender roles?

Reflect upon the economic consequences of the shift. Although written answers are not required, be prepared to answer and discuss the Critical Analysis Questions at the end of the topic.

Week Four

1. Read Chapters 24-25 in Gwartney.
2. Complete written responses to the following Critical Analysis Questions found at the end of the assigned chapters in the text:

Chapter 24: #1, 7, 14 (pp. 548-549)

Chapter 25: #1, 4, 5 (pp. 564-565)

3. Read Special Topic #11, "Do Labor Unions Increase the Wages of Workers?" (pp. 697-707). Prepare a one-page (typewritten, double-spaced) essay reflecting upon the following topic: Do you believe that labor unions will continue to decline in membership in the United States? Identify the forces that have led to the decline. Although written answers are not required, be prepared to answer and discuss the Critical Analysis Questions at the end of the topic.
4. Read "Do We Have a Saving Crisis?" in the Course Pack. Some individuals are more "conservative" by nature, personality and/or experience than others. Reflect upon your views regarding this topic and prepare a brief essay (no more than one page, typewritten, double-spaced) describing your personal philosophy toward the importance of saving.

Week Five

1. Read Chapters 26-27 in Gwartney.
2. Complete written responses to the following Critical Analysis Questions found at the end of the assigned chapters in the text:

Chapter 26: #5, 10, 13 (pp. 582-583)

Chapter 27: #1, 8, 11 (pp. 598-599)

3. Read Special Topic #12, "How Does Government Regulation Affect Your Life?" (pp. 708-718). Prepare a one-page (typewritten, double-spaced) essay reflecting upon the following topic: In what areas do you feel there is "too much" regulation and in what areas would you welcome increased regulation? Although written answers are not required, be prepared to answer and discuss the Critical Analysis Questions at the end of the topic.