

Spring 2017
Economics 2030 – Principles of Economics: Microeconomics

Professor: Mike McKee

Phone: 262-6080

Office: 3098 Peacock (formerly Raley) Hall

e-mail: mckeemj@appstate.edu

Office Hours: M 3:30 - 5 PM, Wed 9 - 10 AM, F 10 – 12 noon. Or, send an email and we can make an appointment.

Text (required): Mankiw, N. Gregory, *Principles of Economics* (current edition)

Introduction: Economics is the study of the allocation of scarce resources. Microeconomics is the study of individuals, households, and firms as they solve the problem of matching scarce resources with unlimited wants. Since the government often affects how such decisions are made, we will also cover some analysis of how the government makes resource allocation decisions.

Synopsis: The course will largely consist of lectures. These will complement rather than substitute for the text so it is a good idea to both read the text and attend the lectures. I don't take attendance but I do insist on quiet during lectures. **If I need to interrupt the lecture because people are talking amongst themselves I will deduct 2 points from ALL students on the next test. A second interruption will result in a 4 point deduction. A third will result in an 8 point deduction and so on.** It is, of course, OK to ask questions! I hope you do.

Evaluation: There will be 4 tests during the semester. All tests will consist of multiple choice questions. Each test will be on the material covered since the previous test. If you miss a test that score will be automatically dropped and your grade will be the average of the three remaining tests. **THERE WILL BE NO MAKEUP TESTS.**

Outline:

- I. Introduction – Chapters 1 - 3. We will pay special attention to the Appendix to Chapter 2 (Graphing Review).
- II. Markets and How They Work – Chapters 4 and 6.
- III. Elasticity – Chapter 5.

Test 1 (sections I – III) February 14

- IV. Efficiency of Markets – Chapters 7 and 8. Economists love “the market” and here is why. I'm an empirical economist and observe many cases of markets not working so we will talk about these.
- V. Market “Failures” Externalities and Public Goods – Chapters 10 and 11. Why we set up governments and assign them certain tasks.

Test 2 (sections IV – V) March 21

- VI. Production and Cost – Chapter 13.

- VII. Monopoly – Chapter 15. How to set price and output when you are the only producer.
- VIII. Market Entry – Chapters 16, and 17, and 14. Decisions on price and output are affected by the existence of rival producers.

Test 3 (sections VI - VIII) April 18

- IX. Absolute Market Entry – Chapter 14. When it is very easy (low cost) to enter a market the profits fall to zero.
- X. Some frontier topics.

Test 4 (sections VIII – X) held in Final Exam Slot.

Grades: You will earn points for each of the tests. These points will be added up and converted to a percentage score. Your letter grade will be based on this score as in the table below.

Percentage Score	Grade
94-100	A
90 – 93	A-
88 – 89	B+
84 – 87	B
80 – 83	B-
78 – 79	C+
74 – 77	C
70 – 73	C-
66 – 69	D+
60 – 65	D
0-59	F

Note: There are some announcements that could appear here but are part of university policy. I expect you can and should look these up.

The web site is: <http://www.academicaffairs.appstate.edu/resources-forms>