

ECON 200: Basic Economic Issues (Honors Section)

Fall 2006 Syllabus

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Contact Information

Class meetings	123 McClelland Hall Tuesday and Thursday, 9:30-10:45am
Instructor	David Reiley reiley@eller.arizona.edu Office hours: Wed 1:30-3:15pm, or by appointment 401cc McClelland Hall
Preceptors	Kendric Blanchard kendricb@email.arizona.edu Office hours: TR 1-2pm, 401a McClelland Dan Tuttle dtuttle@email.arizona.edu Office hours: TR 8:30-9:15am, 401c McClelland Vanessa Valenzuela vanessav@email.arizona.edu Office hours: T 4:00-5:00pm, R 3:30-4:30pm, 401 McClelland
Course resource page:	http://www.u.arizona.edu/~dreiley/econ200/home.html

Course Description

This course serves as an introduction to the field of economics. I consider the main question in economics to be the study of the allocation of resources. That is, who gets what? And how and why do they get it? Economics includes many interesting issues, from environmental protection to educational policy to unemployment. My goals are for each student in this course to:

- Develop an intellectual appreciation for economics and economic thinking.
- Become familiar with important economic institutions, including firms, markets, taxation schemes, government spending, and central banks (including the Federal Reserve).
- Use the tools of economic analysis, including graphs and mathematics, to evaluate economic arguments.
- Read newspaper articles about economics, such as those in the [Wall Street Journal](#), and think critically about what the article means and whether it makes sense.
- Develop informed opinions about economic policy debates.

- Write interesting essays in which you apply economic arguments to real-world situations.
- Take nine [Ideas for Beyond the Final Exam](#) with you beyond the final exam.

This section of Econ 200 is only open to students enrolled in the Honors College. The course is open to economics majors and nonmajors alike.

Teaching Philosophy

I want to make this course interesting and thought-provoking, and one from which you will remember some important lessons even after the final exam is over.

I plan to reserve our class time (a precious resource) for two-way communication: questions, discussions, and cooperative problem-solving. Most of the one-way communication in this course will happen through assigned readings. In order for the interactive class format to work, you should do two things: (1) **Make sure to complete each day's assigned reading before coming to class**, so that we can discuss it and you can ask questions about anything you didn't understand. When doing the readings, try a few problems out of the book to check your understanding. (2) **Be ready to think and talk when you come to class**. In order to make sure that everyone has the chance to participate in class, I will call on each student from time to time.

Whenever you don't understand something, either from the readings or from class, please ask a question. Often other students are having the same difficulty as you are and all can benefit from the exchange. I need your feedback so that I can make the course meet your needs. Furthermore, if you're scared of the idea that I might cold-call you during class, a great defensive move is to come prepared to ask me something, so that I know you're actively participating. This brings me to my final point.

I believe that the deepest learning occurs when students teach themselves. Therefore, I expect you to do most of your learning through the readings and assignments, both on your own and in cooperation with your classmates. My job is to guide the learning by choosing readings and exercises for you, and to help you proceed through this learning process with the minimum possible frustration.

For example, when you get stuck on a page of reading you don't understand; don't waste many hours on it, but instead note that you want to ask me about it in class or via an email message. Similarly, when you get stuck on a math problem you can't solve, I can give you a hint. The book can't interact with you, but I can, and that's what I'm here for. You may also find it valuable to ask questions of each other when studying.

Some students benefit more from my teaching style than others. If you prefer a traditional, lecture-based course, I recommend that you investigate taking one of the other sections of Econ 200. I recognize that different students have different learning styles, and I won't be offended if you decide to switch out of this section.

Because this is an honors section, I have high expectations of you, and I intend to take a faster pace than will be taken in the other sections of Econ 200. Please expect to spend about six to ten hours per week doing readings and assignments. If you find yourself having to spend more than ten hours a week on this course outside of class, please let me know so that I can do something to make the workload more reasonable.

Readings

Reading assignments will come mainly from the required text: [Economics](#), fifth edition, by John B. Taylor. The bookstore never manages to order enough copies of the text for me, so I suggest that you [order it from Amazon.com](#) (or some other source) before the course begins. There are a study guide and a "technology package" available for the book; you might find these helpful, but I do not require them.

I also encourage you to read a newspaper or magazine regularly during the course of the semester, so that you can be on the lookout for the use of statistics in the real world. I particularly recommend the [Wall Street Journal](#), and will pass around an optional subscription form for this newspaper in class, but there are many other useful sources of economics-oriented articles as well. If you find an interesting article that illustrates one of the economic concepts we have been studying, please email it to me or bring it along to class for discussion. Students who contribute very thoughtfully to class discussions will receive a boost in their final grades.

Use of the Internet

In addition to the textbook, you are also required to purchase a \$28 subscription to the [Aplia](#) Web site. Aplia is a new company providing online tools to enhance student learning in economics. You will use Aplia to take required online quizzes for the course, and to participate in several economics experiments. Aplia will also provide you with lots of optional resources, such as tutorials and practice questions with answers. [Follow this link for instructions](#) on how to sign up for our course on Aplia. You may sign up for a free trial, but if you stay in the course you will need to make a payment of \$28 to Aplia by mid-September.

I also maintain a list of email addresses of all of the students in my class. I use this list to make occasional announcements and clarifications. For example, I may discover an article on a World Wide Web site that I wish to share with you, and I will email everyone the location so that they have a chance to read it. Also, when a student asks me a question via email and I feel the answer would be of general interest to everyone in the class, I may send out my answer to everyone so that all may benefit from the question. I feel that such techniques save time and energy for all concerned. I have used the University registration system to create an email mailing list for this class. If you find you are not receiving my emails, please let me know.

If you prefer to use a different email address (such as AOL), I recommend that you set up forwarding from your University address to your preferred address. Visit [this link](#) to log in to Webmail for this purpose. In any emails addressed to me, **please put "Econ 200" in the subject line**, so that the message will come to my attention promptly. You should try to **check your email regularly during the semester, at least twice a week**, in order to make sure you receive the full benefit of the messages I send.

Grading

Your final grade will depend on five different elements: a series of online quizzes (10% total), a series of problem sets (20% total), two midterm exams (15% each), a cumulative final exam (25%), and a final paper (15%). I do not grade on a curve, but use a fixed grading scale: A>90, B>80, C>70, D>60, E<60. This means that good grades in my course are challenging to achieve, but I am happy to reward everyone who shows achievement.

Good, thoughtful class participation may also boost your final grade. However, I do not have a mandatory attendance policy (except for exams - see below), and I do not intend to take attendance. As adults in an honors section, you do not owe me an explanation if you are absent from class on a particular day.

Online Quizzes

Starting with the second day of class, you will be asked to take an online quiz on each day's assigned reading. You will use [Aplia](#) to take these quizzes, designed primarily to give you an incentive to do each day's reading on time. You may take the quizzes at your own pace, and you may use the textbook to take them, but I expect each student to take the quizzes independently. Quizzes may be taken any time up to 15 minutes before class begins. There will be approximately twenty-five quizzes this semester; I will drop your lowest five quiz scores.

I have activated a number of other optional exercises on our Aplia site, but these are generally marked as "practice". The practice quizzes will ask you questions and give you feedback, in case you feel you need extra practice before submitting your written homework or taking an exam. The exercises you are required to complete are listed as "graded" rather than "practice."

For the second day of class, two graded quizzes will be due. The first covers the reading for class, while the second prepares you for the experiment we will do in class that day. Expect to complete graded online quizzes like these before each class.

Problem Sets

You will have a series of problem sets to hand in, approximately one problem set every two weeks. I plan to hand each one out at least a week in advance. The problem sets are designed to help you learn the material that will be tested on exams; they will involve some calculations and some short essays. You should feel free to discuss the problems and check answers with your classmates, as I believe that such out-of-class discussions can enhance your learning experience. However, I do expect each student to prepare his or her own writeup independently, to demonstrate independent understanding of the problems. Merely copying someone else's written work constitutes academic dishonesty, and will be punished accordingly.

Please plan to work on your problem sets early, so that you can ask questions of me, of the preceptor(s), or of your classmates in plenty of time to complete the assignment. When students don't start one of my problem sets until the night before it is due, they usually find that they can't complete it, and don't learn as much as they would have if they'd started a week earlier. A late problem set will receive a score of **zero**. Thus, in terms of grading, you will be better off turning in an incomplete assignment than trying to complete it late.

Exams

The exam schedule divides the course roughly into thirds. However, knowledge in this course is somewhat cumulative, so please do not allow yourself to forget everything you learned in one section of the course before we move on to the next section. The final exam will be explicitly cumulative, with emphasis on the material from the last third of the course. See the [sample exam page](#) for exams from previous semesters.

No make-up exams will be given; if you miss an exam, you will receive a zero. Make-ups will be given only in cases of dire personal emergency: death, emergency heart transplants, jail terms, etc., or in cases of conflict with a mandatory University activity (such as competing in an athletic match with a varsity team). Supersaver airfares, fraternity parties, and intramural athletics do not fall into this category. Please re-read this paragraph, and make your travel arrangements accordingly.

Students with disabilities who wish to request special accommodations are encouraged to contact me as far in advance of their exams as possible.

Final Paper

You will work with a partner to analyze a microeconomic market of your choice, resulting in a paper of five to ten pages. I will be providing examples of suggested topics early in the semester, or you may choose a topic of your own. See the course home page for examples of excellent papers done in previous classes.

In this paper, I would like you first to describe the important institutional details of your chosen market (who are the buyers and sellers, how is the market organized, what are the mechanisms of trade). If possible, collect data about the size of the market, in terms of dollars exchanged and/or number of individual transactions. If there are any important government taxes or regulations, include these as institutional details.

Second, I would like you to explain to me what you know about the behavior of prices in this market, and use concepts from this course to explain to me why prices behave in this way. For example, do all buyers pay the same price for the same product, or do different buyers pay different prices? If there are price differences, are the products really identical, or are they differentiated? Do prices remain relatively constant over time, or do they fluctuate? Why? Do prices vary from one location to another? Why or why not?

Finally, I want you to describe a real or hypothetical "shock" to the market, and describe the effects you would predict that shock to have. Examples of such "shocks" include:

a reduction in the supply of a manufacturing input. For example, if you are studying the market for new PCs, you might consider what happens when the world's largest memory-chip plant is destroyed by an earthquake.
a shock to the demand for the product, such as a new comet in the sky increasing the demand for telescopes.

the imposition of a new tax on your product or one of its inputs.
a technological innovation, such as a new firm entering the market for movie rentals with a brand-new service to mail you DVDs along with return envelopes, relying on a Web site to help you specify your list of desired movies (see <http://www.netflix.com>).
the addition or removal of a government regulation, such as a law to prevent price-gouging, a ban on prostitution, or the requirement that one have a prescription to use the painkiller codeine.
I would like you to describe the effects of your chosen shock. How does it change prices and quantities traded? Who benefits? Who loses? Can you estimate the sizes of these changes? If not, what information would you need to do so?

In your research for this project, I encourage you to make use of library resources here at the University. Early in the semester, I recommend paying a visit to the reference librarians, who specialize in helping library users find the resources they need for a particular research project. In particular, you may find it helpful to know that the UA Library has [electronic databases of newspaper and magazine articles](#) available online. I have had good luck with both [Lexis/Nexis](#) and [Academic Search Elite](#), but I haven't yet personally tried the other indexes listed.

In addition to secondary research using sources available at the library, I also encourage you to do primary research by visiting stores to check prices or examine products in person, calling up the companies to ask questions about their product or their sales figures, and/or by interviewing or surveying representative buyers or sellers in your market.

Early in the semester, I will ask you to choose your partner and your topic. You will turn in a 1-2 page project proposal describing the market you plan to research. Be careful to define exactly what you think the market is ("the market for Mexican restaurant meals within 2 miles of the University" is probably a better and more specific topic than "the market for Mexican food," for example). Explain why you are defining the market the way you are defining it (geographic limits, what types of variation in products, etc.). You should also explain what you think is interesting about your market, and where you plan to get the information you will need. Will you use library sources? Observational studies? Interviews with store managers?

Midway through the semester, I will ask you to hand in a first draft of your paper, and we will discuss these papers in class in order to get ideas for revision. (I may decide to repeat this process and require another draft to be discussed in class.) The final paper will be due at the end of the semester, and it is the quality of the final submitted paper that will determine the grade. Follow [this link](#) to see [examples of excellent papers](#) submitted in previous semesters.

Please make sure to give your paper a title, and please number all the pages. You can easily do autonumbering of pages in a word processor, and this will make it easier for me to give you comments via email. I also prefer that you use footnotes (again, easy in a word processor) to cite your sources of information, as I find footnotes don't disrupt the flow of the paper as much as the standard technique of using parentheses.

In general, both members of a pair will receive the same grade for their project. However, I reserve the right to give differing grades in cases where it becomes clear that one student is free-riding on the other's work. If you feel unhappy at any point with your partner's contribution to the project, please email me so that I can do something about it (the earlier, the better).

Comments on writing

Your papers should be presented in a professional manner: typed, and easy to read. The text of each paper should be well written, with any appropriate graphs and tables included. Plan to complete the paper in time to have a friend/classmate proofread it for you, so that you can make revisions before turning it in. As noted, you should plan for the text of the paper to be five to ten pages long. This page count is somewhat flexible, because what I care about most is not length but the quality of your research and your analysis.

I consider writing about economics to be an important skill, and I hope to help you improve on your writing in this class. One way I intend to do this is to hold in-class writing workshops on days when your drafts are due. On days when I have announced that drafts are due, I would therefore like you to bring **three copies** of your assignment to class: one to turn in to me for credit, and two to discuss with your classmates during class.

If you would like advice or clarifications about any aspect of the project during the course of the semester, please

don't hesitate to ask me.

Academic Dishonesty and Academic Misconduct

Academic dishonesty occurs with any action or attempted action designed to create an unfair academic advantage or disadvantage for any member(s) of the academic community. Various forms of academic dishonesty include, but are not limited to cheating, fabrication, facilitating academic dishonesty, and/or plagiarism. All forms of academic dishonesty are subject to sanctions under the Code of Academic Integrity, which may include: written warning, reduction in grade for work involved, disciplinary probation, loss of credit for work involved, failing grade in the course, suspension, and/or expulsion.

Academic misconduct is defined as any behavior not conforming to prevailing standards or rules within the academic community. Various forms of academic misconduct include (but are not limited to) disruptive behavior, threatening behavior, and/or the theft or damage of University property. All forms of academic misconduct are subject to sanctions under the Code of Conduct, which may include: classroom conduct, interim action, program/support, organizational sanctions, restricted access to university property, administrative hold, warning, probation, suspension, and/or expulsion.

For more specific examples of academic dishonesty, academic misconduct, and how to avoid such behaviors, please visit the [Academic Integrity Student Resource Guide](#).

Students who [plagiarize](#) on a paper in my course can expect to receive a severe penalty. The exact penalty may depend on circumstances, but my standard penalty has been a failing grade for the course (even on a first offense). Please see [this document](#) for more details about what constitutes plagiarism.

While I encourage students to work together on problem sets, I do expect independent writeups of this work. Evidence of outright copying will also result in penalties, starting with a grade of zero on the assignment and becoming more severe with repeated offenses.

Schedule

This schedule is subject to change. Any changes will be announced in advance.

Date	Topic	Reading	Assignment due
22 Aug	The Central Idea: Scarcity and Choice	Ch 1	
24 Aug	Observing and Explaining the Economy	Ch 2, including Appendix	
29 Aug	The Supply and Demand Model	Ch 3	
31 Aug	Elasticity and Its Uses	Ch 4	
5 Sep	The Demand Curve and the Behavior of Consumers	Ch 5	PS #1
7 Sep	The Supply Curve and the Behavior of Firms	Ch 6	
12 Sep	The Interaction of People in Markets	Ch 7	
14 Sep	<i>Review</i>		PS #2
19 Sep	Midterm Exam #1		
21 Sep	<i>Writing Workshop</i>		Project proposal
26 Sep	Costs and the Changes at Firms Over Time	Ch 8	
28 Sep	The Rise and Fall of Industries	Ch 9	

3 Oct	Monopoly	Ch 10	
5 Oct	Price Discrimination		
10 Oct	Oligopoly	Ch 11 (pages 281-288)	PS #3
12 Oct	Product Differentiation and Monopolistic Competition	Ch 11 (pages 268-281, 288-289)	
17 Oct	Public Goods, Externalities, and Government Behavior	Ch 15	
19 Oct	Taxes, Transfers, and Income Distribution	Ch 14	PS #4
24 Oct	Midterm Exam #2		
26 Oct	Macroeconomics: The Big Picture; Measuring Macroeconomic Variables	Ch 17, including Appendix; Ch 18	
31 Oct	Productivity and Economic Growth	Ch 21, including Appendix	<i>Happy Halloween!</i>
2 Nov	<i>Writing Workshop</i>		Project paper draft
7 Nov	Unemployment and Employment	Ch 20	
9 Nov	Money and Inflation	Ch 22	
14 Nov	The Nature and Causes of Economic Fluctuations	Ch 23, including Appendix	
16 Nov	The Economic Fluctuations Model	Ch 24	PS #5
21 Nov	Using the Economic Fluctuations Model	Ch 25	
23 Nov	NO CLASS - Thanksgiving Day		
28 Nov	Review		
30 Nov	The Gains from International Trade	Ch 29	
5 Dec	International Trade Policy	Ch 30	PS #6 , Final paper due
12 Dec	Final exam, 8:00-10:00am		