

**BINGHAMTON UNIVERSITY**  
**ECONOMICS 160A-90**  
**PRINCIPLES OF MICROECONOMICS:**  
**Competition, Monopoly, and Economic Welfare**

Fall 2009

Office: LT-1015

ckern@binghamton.edu

Hours: Tu, 2:00-3:30; F, 11:00-12:30

Prof. C. Kern

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<http://www2.binghamton.edu/economics>

Teaching Assistants: Nonso Obikili, Caitlyn Edmundson and Jonathan Lam

**REQUIRED TEXTS:**

MANKIWI, N. Gregory, *Principles of Microeconomics*, 5th ed., 2008 (South-Western), paperback

ROBERTS, Russell D., *The Choice: A Fable of Free Trade and Protectionism*, 3d ed., 2007

(Pearson Prentice Hall), paperback

ZANDI, Mark, *Financial Shock*, updated ed., 2009 (FT Press), paperback

**COURSE OBJECTIVE AND CONTENT:**

The goal of this course is to use basic concepts of microeconomic theory to increase your understanding of a market economy like ours. It will examine how households, business firms, and government policy makers make economic decisions, what these decisions imply for economic well-being, and what makes an economy perform well and what makes it perform poorly. Among our concerns will be how consumers choose to buy goods and services, how they are produced and priced, how markets are organized, how incomes are determined, how third parties are affected by market transactions, and how government policies influence market outcomes. Applications of economic concepts will emphasize the interdependence between our economy and others throughout the world as a result of imports, exports, international investment, and international currency transactions. We will also examine the sources of the recent financial crisis that has shaken the world economy.

Assignments from the *Principles of Microeconomics* text provide the background for topics to be covered in class. Homework designed to give you practice using the concepts developed in the text and in class will be assigned for the weekly discussion sections. *The Choice* tells a story that illustrates important principles about international trade, and *Financial Shock* explores the causes of the recent financial crisis. Course examinations will test your mastery of the kind of reasoning required for successful completion of the homework assignments and your understanding of the ideas presented in *The Choice*, *Financial Shock*, and other assigned reading.

**GRADING:**

There will be two one-hour examinations, one two-hour final exam, and weekly homework assignments to be done for the discussion sections. Credit for determining the course grade will be distributed as follows:

First Hour Exam	21%
Second Hour Exam	21%
Final Exam	42%
Discussion Section	16%

Neither hour exam can pull down your final grade. If you miss either or both of these exams or do poorly, either or both will be dropped from the computation of your course grade, and proportionately more weight will be given to the remaining exam(s). [For example, if one hour

exam is dropped, the other will count 28% and the final 56% toward the course grade; if both are dropped, the final will count 84%.] Discussion section grades will be determined by quizzes based on homework problems, attendance, and participation.

**Many students do much less well in this course than they expect to and than they should. Learning economics requires that you learn how to reason from assumptions to conclusions so that you can solve economic problems. For most people, the only way to acquire these reasoning skills is to do the readings when they are assigned, come to class and pay attention, do the homework problems faithfully, attend the discussion sections where the homework is reviewed, and ask questions in class, in discussion sections, and in office hours when there is something that you don't understand well. Reasoning skills cannot be memorized or crammed for. Because hour exams in this class are dropped if they pull down your final grade, many students believe they can coast through the semester and rescue themselves on the final exam. Because this strategy develops neither the reasoning skills that are vital for solving problems nor the understanding of ideas from the beginning of the course that are essential for understanding what comes later, it is almost never successful.**

Except for conflicts with religious or official university athletic obligations, there will be **no** make-up hour exams (if you miss one, it will be dropped from the computation of your course grade). **No one** will be excused from the final exam. **No incomplete grades** will be granted in this course except for documented medical or personal emergency.

## **ECONOMICS DEPARTMENT POLICY REGARDING MAKE-UP FINAL EXAMS**

**ALL** make-up final exams in economics will be given **Friday, December 18 from 8:00 to 10:00 AM**. All officially scheduled final exams are linked from the [BU Brain](#) – check **NOW** for conflicts. If a conflict exists, you may request a make-up exam from the instructor of any of the conflicting courses. A conflict is defined as two exams at the same time or more than two exams that all begin and end within 24 hours. If you have a conflict and choose to request a make-up exam for this course, a sign-up list to request the make-up will be available from your instructor. Students **MUST** make this request for any course in economics **no later than Friday, October 9**. Each request will be checked by the economics department for a conflict with officially scheduled exams, and students will be notified whether it is approved or denied **in class** before the course-withdraw deadline. It is **the student's responsibility** to learn **from the instructor** if the request has been approved. Only students who are approved may take a make-up final exam. Students who have not chosen to resolve a conflict by requesting a make-up exam in an economics course by **October 9** will be required to resolve conflicting exams with the instructor in one of their other courses.

Make-up exams are approved **ONLY** for the following conditions:

- Conflicts with the **OFFICIAL** final exam schedule.
- **DOCUMENTED** personal illness or emergency.

## **CLASSROOM BEHAVIOR:**

**All students are expected to come to the lecture on time, to remain in their seats for the entire lecture, and not to talk during the lecture, except for asking me questions or answering mine. Those who do not follow these rules may be refused entry to class or required to sit in the front of the room as a condition of attendance.**

## ACADEMIC HONESTY:

Students in this course are expected to observe the [Student Academic Honesty Code](#) and should make sure they become familiar with its provisions. Violations of the code, for example, cheating on exams, will be prosecuted as specified in the Code.

## ECONOMIC ANALYSIS OF THE WORLD AROUND YOU:

The economic analysis that you learn in this class will be most meaningful to you if you apply it regularly to current events in the world around you. One of the best ways to do that is to read good economic journalism. Among the best is a column by Robert Samuelson that appears regularly in *Newsweek*. Economic news stories in the *New York Times* and the *Wall Street Journal* and opinion pieces on the editorial and op-ed pages of these papers and in the Sunday Business Section of the *Times* are also good ways to connect what you learn in class to real-world events, to test your reasoning skills, and to critique the arguments of economic commentators.

## READING LIST:

### I. ECONOMIC CHOICES AND DECISIONS

Mankiw, chaps. 1, 2 (including appendix), 3  
Roberts, chaps. 1-6

### II. HOW MARKETS WORK

Mankiw, chaps. 4, 5, 7  
Packer, George, "How Susie Bayer's T-Shirt Ended Up on Yusuf Mama's Back," *New York Times Magazine* (March 31, 2002), pp. 54-59

### III. GOVERNMENTS AND MARKETS

Mankiw, chaps 6, 8

### IV. INTERNATIONAL MARKETS

Mankiw, chap. 9  
Roberts, chaps. 7-16

### V. EXTERNALITIES: NON-MARKET IMPACTS OF MARKET TRANSACTIONS

Mankiw, chap. 10

### VI. PRODUCTION COST

Mankiw, chap. 13

### VII. BUSINESS FIRMS IN COMPETITIVE MARKETS

Mankiw, chap. 14

### VIII. CAUSES OF THE FINANCIAL CRISIS

Zandi, *Financial Shock*, chaps. 1-11

### VIII. MONOPOLY AND IMPERFECT COMPETITION

Mankiw, chap. 15

### IX. INCOMES

Mankiw, chaps. 18, 20