

Instructor: John Lovett

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Texts: Principles of Microeconomics (4th edition) by N. Gregory Mankiw
 (Bundle with on-line access code)

Grading

How Points Are Assigned:

Item	Possible Points
Exams 1 - 4	$4 \times 100 = 400$
+ Final Exam	200
+ Best 8 of PS 1 - 10	$8 \times 15 = 120$
+ Best 20 Reading Quizzes	$20 \times 10 = 200$
= Total Points	= 920
+ 9 th best PS \times 50%	+ 7.5
Participation	-12 to + 12

Semester grades are based on your demonstrated achievement in the course. i.e. What matters is how many points you score. Other factors, such as “needing” this course to keep a scholarship, or professing a great understanding of economics, are not relevant when assigning grades.

A: 90%+ (828+ pts), **B:** 80%+ (736+ pts), **C:** 70%+ (644+ pts), **D:** 60%+ (552+ pts)

High Challenge Assessment: Assessment that help me sort A’s, B’s, C’s, etc.

Exams: 4 regular semester exams and 1 final are given. The final is a 2 hour comprehensive exam.
~~Your lowest exam, including zeros from not taking an exam, is dropped.~~

Low Challenge Assessments: Assessments that won’t get you an A, B, or C by themselves.

Problem Sets & Experiments: There are 10 problem sets required in this course. 3 are “games” you play against the computer. 5 are more traditional paper homework for which you submit your answers on-line. 2 are graded “market experiments”. Your best 8 count as part of your regular grade.

ThompsonNow On-line quizzes: You will be given on-line reading quizzes for each chapter. For most chapters one quiz will be due prior to covering the material in lecture, and one quiz due after.. Your best 20 count as part of your regular grade. We will take a look at how to take these quizzes during the first week of classes. In the meantime. go to www.ilrn.com to register. To register you need:

- 1) The access code that came with your textbook
- 2) The following course key: **E-Y5HFRA4SKDHD4**

Bonus Grades: These can make the difference between a B and a C, etc.

Bonus PS: Your 9th best PS is multiplied by 0.5, then added in as a bonus.

Participation: Come to class, give good answers and ask stimulating questions for participation points. I'll show you my participation formula in a later class period.

Missing Exams: Make-up exams are given on the last day of class (i.e. Wed, Dec. 6th) during the regular class time. If you miss an exam, for whatever reason ("University excused" or not), a make-up of that exam will be given to you on the last regular day of class.

Final Exams: Make sure you note the date and time of your final exam before making your Christmas travel plans. The **only** reasons one can take a final at a different time are the situations mentioned in the above paragraph, or if you would otherwise have more than 3 in a 24 hour period. If you fall under the 24 hour rule, you must complete your arrangement to re-schedule any finals at least 1 week prior to the last day of regular class (i.e. by Nov. 29).

What Do Grades Mean? When you receive a good grade, I am, in effect, certifying to others that you have demonstrated that level of understanding of the subject matter. A good (B or better grade) understanding is not just understanding the idea when the instructor describes it. It is not just applying a concept in a very predictable situation. A good understanding is being able to explain an idea to others, being able to apply a concept in novel situations, and knowing the details in addition to the main points.

Grade	<i>Roughly this % receive grade</i> ¹	Performance level ²
F	5%	Demonstrates little ability to recognize or define the concept
D	10%	Demonstrates the ability to recognize the concept
C	40%	Demonstrates the ability to recognize & define the concept
B	30%	Demonstrates a basic understanding of the concepts by being able to: <ul style="list-style-type: none">• Recognize & define the concept• Regularly analyze previously discussed economic events using the concept
A	15%	Demonstrates a clear understanding of the concepts by being able to: <ul style="list-style-type: none">• Recognize & define the concept• Analyze previously discussed economic events using the concept• Analyze economic events, not previously discussed, using the concept• Critique the concept and the assumptions upon which it is based

¹ This is a rough, long-run average for Dr. Lovett's intro classes. Individual classes have varied for a 2.1 to a 2.7 GPA.

² Also known as the Ed McNertney scale of understanding.

Cheating: Don't cheat.³ There is a myth among some students that instructors find successfully prosecuting a cheating case too time consuming. The reality, at least for me, is quite the opposite. Catching a cheater and successfully imposing the maximum penalty is an investment. Penalizing a cheater sends a strong signal my classes and to other classes.

What does it mean to be caught cheating? First, it means there is a rather lengthy appeals process. This process, designed for your protection, takes up your valuable time and effort. If you are found guilty of cheating, possible penalties include:⁴

- a zero on the assignment where no other grade can replace that assignment,
- immediately being dropped from the course with an "F",
- academic probation, suspension, or expulsion.

Is this just an idle bluff? You are free to find out for yourself. However, there was at least one student in my classes from both the fall and spring semester who received an "F" in the course after cheating. I suggest you not make it 3 semesters in a row.

Students With Disabilities

Texas Christian University complies with the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973 regarding students with disabilities. If you require accommodations for a disability, please contact the Coordinator for Students with Disabilities in the Center for Academic Services, located in Sadler Hall 11. Further information can be obtained from the Center for Academic Services, TCU Box 297710, Fort Worth, TX 76129, or at 817-257-7486.

Adequate time must be allowed to arrange accommodations and accommodations are not retroactive; therefore, students should contact the Coordinator as soon as possible in the academic term for which they are seeking accommodations. Each eligible student is responsible for presenting relevant, verifiable, professional documentation and/or assessment reports to the Coordinator. Guidelines for documentation may be found at <http://www.acs.tcu.edu/DISABILITY.HTM>.

Students with emergency medical information or needing special arrangements in case a building must be evacuated should discuss this information with their instructor/professor as soon as possible.

Some Important Dates ... more PS and Reading Dates will be announced later.

Date	Event
Mon. 21 Aug.	Reading Quiz 1 opens
Wed. 23 Aug.	Reading Quiz 2a opens
Sun. 27 Aug.	Reading Quiz 1 is due
Sun. 27 Aug.	Reading Quiz 2a is due
Mon, 28 Aug.	PS 1 is posted
Fri, 11 Sept	PS 1 is due

Date	Event
Fri. 15 Sept.	Exam 1
Wed. 04 Oct.	Exam 2
Wed. 25 Oct.	Exam 3
Mon. 13 Nov	Exam 4
Wed. 06 Dec	Make-up Exams
11 – 15 Dec.	Finals ... check calendar

³ The Student Handbook can be found at <http://www.studentaffairs.tcu.edu/handbook/handbook.htm>. Next go to Code of Student Conduct and look for 3.4 Academic Misconduct to see definitions of cheating.

⁴ More information on the "**Procedures for Dealing With Academic Misconduct**" can be found at the Campus Life office and the AddRan College Dean's office.

So ... What's Economics all about? Notes from the 1st day.

- **Economics is a study of human behavior: how we behave and perhaps ways to improve the outcomes.** Economics is one of many social sciences. It has several distinguishing characteristics.
 1. Economics attempts to base itself on how humans and society actually function, not how we wish it functioned. Figuring out the positive (“reality constraints”: how humans behave and how society works) should come before the normative (what changes should be made to make things better). The normative may be one’s ultimate goal. However, positive analysis has to be done first.
 2. Economics tends to take basic human behavior, values, and wants as given. It generally focuses less on changing basic values and wants, and more on designing a “system” to better use and fulfills these values and wants.
 3. At its heart, economics is about the choices individuals and societies make when facing scarcity. Scarcity is a condition in which people want more than is freely available. It is the universal human condition according to economists (with apologies to Buddha). Even very happy and contented individuals tend to want a bit more than their resources allow. Ask a happy person if they could use a few more material things and/or more time each day. The answer is probably; “Sure, I’d love some!”
 4. Since both people and societies face scarcity (wants > resources), tradeoffs must be made. For example, this weekend I could: a) go out on a date with my wife, b) take my kids biking, c) read a book, d) watch a movie, e) work on a paper I am trying to get published, f) prepare problem sets for macroeconomics, ... or z) fix a leaky faucet. I cannot, however, do all (or even most of these things). Because of scarcity, I will have to allocate my time (and money) to what best fulfills my wants. Whatever I choose to do means a next best alternative I did not do; i.e. opportunity cost.

So ... What's Microeconomics all about?

- **Definition 1: Microeconomics studies economic behavior at the “individual” level.** The caveat is that “individual” can mean a lot of things.
 1. How typical individual **people** behave is studied. This does not mean case studies of individuals such as Abe, Brenda, and Calvin. Microeconomics, instead, looks at how and why individuals make choices such as “*What to buy?*”, “*How much to work?*”, “*How to react to when the price of gas rises?*”. These examples, however, only scratch the surface of what microeconomics studies. Any decision that involves trade-offs, i.e. just about every decision, can fall within the domain of microeconomics. For example, the decision of “*How many children to have?*” is generally not what pops to mind when one thinks of microeconomics. Nonetheless, it is definitely a topic microeconomics can and does study.
 2. How typical **firms** (i.e. businesses) behave is studied. Sometimes this means case studies of a particular business. Usually, however, microeconomics studies general behavior of business and behavior of specific categories of businesses. General rules for how much to produce, what price to choose are studied. Microeconomists study business behavior as a function of characteristics of the industry they are in # of competitors, type of product, ease or entry and exit, etc.

3. How **markets or industries** behave is also studied. Markets (i.e. industries) can be defined broadly or narrowly. We can talk about the market for apples in Allentown, or the market for all fruits in the U.S. Macroeconomists want to know how an industry behaves and how well it serves society? Will the sellers compete hard against each other, or are they likely to collude? How much will buyers get out of the market? How much will sellers get? How are changes such as taxes likely to affect the market? Is there anyway government can make the market better?

• **Definition 2:** The above definition, while correct, doesn't really mean a lot until after the course is done. Let me give you a second definition; my favorite definition of microeconomics. **Microeconomics studies ways to get people to do good things for others while still being good to themselves.** Okay, it's not exactly the standard definition. Nonetheless, it fits the general spirit of modern microeconomics very well. It's also a good reminder that microeconomics is part of the human quest to understand society and change it for the better. Historically, one might argue that there have been 5 methods of getting creatures to do good for others while still being true to themselves. Listed in roughly chronological order, they are:

1. **Genetics:** Organisms which are closely related have an evolutionary incentive to be good to each other (most of your genes are my genes too). This is why ants are willing to die to keep you away from their mound and queen, bands of brother lions band together, etc. **Interesting as this is, it doesn't have much to do with microeconomics.**

2. * **Repeated Interactions:** People who interact frequently have many more chances for altercations than do strangers. Nonetheless, we tend to be nicer to those we interact with a lot. Despite the fact that I despise my neighbors (I actually don't), and have several opportunities a day to make their life miserable, I treat them pretty well. Why? If I'm mean the neighbor may retaliate. If I'm mean to a stranger, no worries on my end. I'll likely never see the stranger again. My neighbors also have the opportunity to reward my nice behavior in kind. If I'm nice to a stranger, I'll probably never get any thing from it (other than a warm glow). **Microeconomics studies repeated interactions.**

3. **Social Pressures and Conditioning:** Peer groups and society in general can really shape how we behave. Some people are raised to be "polite", others to "look out for number one". Social conditioning is a very complex and powerful process. **Interesting as this is, microeconomics doesn't study social conditioning much.**

4. * **Markets:** Markets involve buyers & sellers coming together each hoping to serve their own self interest. **Markets are the main, but not exclusive, focus of microeconomics.**

5. * **Government:** Government involves various means of collective decision making, and some means for carrying out (enforcing) those decisions. It could be a tribal head who "rules" through charisma and physical prowess, the Communist party ruling the former Soviet Union, or a modern democratic state. **Microeconomics studies government intervention in markets.**