

## **Syllabus**

Orthodox economic theory can be divided into three areas: microeconomics; macroeconomics; and the applied fields. Microeconomics deals with economic activity at the individual level, e.g. the individual consumer, the individual firm. Macroeconomics addresses economic activity at the national and international level. Macrotheory addresses many questions, but of utmost importance is the question of how to explain the business cycle. The business cycle is a recurrent pattern of expansions and contractions in national economic activity. The applied fields use the tools of micro and macro to address issues in specific areas, e.g. urban economics, environmental economics.

The purpose of this course is to introduce the student to the significant features of the foundation of mainstream economic theory: microeconomic theory. Upon completion of this course the student should be able to participate more effectively in discussions of the significant microeconomic issues of the day, e.g. should a firm like Facebook be broken up, the operation of individual markets, including the U.S. stock market and the basis for immigration reform, to name just a few. This is an introductory course. We will, as a result, address a wide range of issues. Topics will, on occasion, come from current news stories. A broad brush will be used at times. At other time considerable theoretical detail will be required to develop the necessary arguments.

The course is divided up into two overlapping sections. A first section introduces the student to the significant tools of microeconomic theory, e.g. the use of supply and demand analysis and related topics, e.g. elasticity. The second part focuses on the theory of the firm, e.g. how perfectly competitive and monopoly firms behave. This should prove to be the most difficult part of the course. If time allows we could potentially address a wide range of issues, including game theory, international economic issues or the character of development economics.

An outline of the topics covered in the course is listed below. The background text for the course is David Colander, Principles of Microeconomics. Chapter guidelines are listed in the outline below. Textbook alternatives will be discussed during the first Tuesday class meeting.

### **On the adjustments made for the Winter 2021 term**

This semester will be a challenging one in a number of different ways. Every effort will be made to continue the high level of quality instruction DePaul University students deserve and rely on, while recognizing the challenges faced by students, instructors and staff. In terms of course material, students will be asked to follow along with the readings which are arranged in the outline below based on the sequence of topics we will consider in this course. Information from the instructor

will be provided in different forms, including self-standing videos, video lectures and MS PowerPoint.

A self-standing discussion topic devoted solely to their COVID-19 experience will be created for students to participate in. The discussions regarding COVID-19 will not be graded and will not count toward the final course grade. Please post responsibly in this arena, relying on verifiable authoritative sources. The volume of information regarding the coronavirus is daunting. Among the sources that one would expect to be unbiased, authoritative and consistently updated is the Coronavirus Resource Center found at the [health.harvard.edu](http://health.harvard.edu) website. Never hesitate to ask a question or to contribute a positive response with respect to various and sundry topics. I have no medical training, but the following seems to be the best practice to continue relying upon: 1) wear a face mask in public/cover your mouth when you cough or sneeze; 2) wash your hands; and 3) maintain a gap with others just greater than candle blowing distance when possible.

Keep in mind that these changes will not be permanent and that life will return to a more normal one in the near future. The financial crash of 2008 was a devastating event, wiping away \$24 trillion in assets, \$24 trillion—an amount larger than the size of the entire income flow of that year! In the years that followed, however, the U.S. economy entered the longest economic expansion in our entire history. More recently, and not a little inexplicably, overall stock market values have eclipsed their pre-COVID level. Just as surely as recessions follow expansions, an expansion will follow the developing current economic downturn. We shall get past this episode by listening to reason and supporting one another. In this crowded hour, keep in mind the statement of President John F. Kennedy made in his 1961 inaugural address: ‘And so, my fellow Americans: ask not what your country can do for you — ask what you can do for your country’.

## **Schedule**

This course will be primarily asynchronous, but with weekly synchronous Zoom sessions for all students to attend held on Tuesdays from 1:30 to 3 pm each week. Students will be able to access materials at any time day or night within certain constraints. I shall be loading lecture material that corresponds to what would typically be covered in a standard week by midnight Sunday night of each week. This is the place to start each week since this is the lecture-type material to be digested/learning/studied for the coming week. A good practice would be to access this material in small doses, e.g. 15-20 minute segments on some fairly repetitive schedule.

All communications concerning individual private matters should be conducted via email directly with the instructor.

We shall begin the course with two required tasks: (1) each student will post their location/time zone by 11:59.59 pm (CDT) this coming Friday evening (1/8/21); and (2) state what they believe to be the single most important economic problem facing the U.S. economy today—beyond reviving the economy from the

coma induced by the COVID-19 restrictions. A discussion post site will be created for this task labeled 'First Post'.

## Grading

The final course grade will be determined by student performance on three exams, five homework assignments and a debate submission.

The three exams will each be take-home exams administered during the Tuesday 1:30-3 pm time slot associated with this course. The first exam, given during the fourth week (January 26) will account for 20 percent of the final grade. The second exam will be administered during the seventh week (February 16) and will account for another 20 percent. The final exam will be administered during final exam week (March 16). One week prior to each exam, sample exam questions will be placed on D2L. Students will have 45 minutes to complete each of these exams. Each exam will be placed on D2L at 2 pm on the relevant Tuesday and due at 2:45 pm of the same day. The remaining Tuesday sessions will be set aside for an introductory meeting and assistance with homework assignments.

Make-up exams will only be given with prior approval of the instructor. If a make-up exam is granted, the following exam will be comprehensive and account for the combined value of the relevant grades. A five-percentage point penalty will be assessed for each make-up exam regardless of the circumstances.

Twenty percent of the grade will be determined by the student's performance in the debate section of the course. Details of the debate format will follow in a separate posting once the dust of the first 2-3 days of the term settles and the drop/add window has closed, but each student will be asked to develop a 2 PowerPoint slide presentation on a given issue to be included in a group presentation on that topic question. Students will be randomly assigned to groups (A-D) focusing on different aspects of the topic *should Facebook be broken up?*

The remaining balance of the grade, 20% percent, will be made of scores on 5 homework submissions to be done over the course of the term. Each post will earn a maximum of four points (A = 4, B = 3, C = 2, D = 1 and F = 0), for a possible maximum of 20 points. Submissions should be in your own words—do not copy and paste from lecture PowerPoints or directly from other primary sources, e.g. Colander or the web. Homework questions will be posted on Monday of every week. The deadline for loading discussion posts for each individual week is 11:59.59 pm (CDT) on Friday evening of each week. Student work in this course will fulfill the Social Behavioral and Cultural Inquiry Learning Outcomes and Writing Expectations of DePaul's Liberal Studies Program.

Review the material at your own pace, but I would suggest imposing some type of schedule, e.g. reading/viewing material for the week on Monday-Wednesday at some regular time, then submitting discussion posts at some fairly standardized time. The penalty for late work is one letter grade per day.

If the average grade finishes at 75 percent or higher, the standard ten point grading scale will be relied upon in making final course grade decisions, i.e. 100-90

= A, 89-80 = B and so on. If the average grade at the conclusion of the course falls below 75 percent, a curve will be introduced based on the final average and distribution of grades. Borderline grade decisions at the end of the course will be based on exam improvement between the midterm and the final.

## Outline

(note the chapters numbers in brackets [] below are drawn from Colander, Microeconomics, 11<sup>th</sup> edition as a reference point):

Lecture:	Topic:
1	Introductory lecture A. The history and divisions in mainstream economic theory [1] B. Pricing and distributing a vaccine: <a href="http://bfi.uchicago.edu/podcast/episode-16-how-to-price-a-vaccine/">bfi.uchicago.edu/podcast/episode-16-how-to-price-a-vaccine/</a>
2	Supply and Demand Analysis [4-5] A. The basics: <i>Video alternative</i> <a href="https://www.youtube.com/watch?v=g9aDizJpd_s">youtube.com/watch?v=g9aDizJpd_s</a> B. Using and abusing supply and demand: immigration C. Price controls and tariffs
3	Elasticity [6] <i>Video alternative:</i> <a href="https://www.youtube.com/watch?v=HHcblIxiAAk">youtube.com/watch?v=HHcblIxiAAk</a>
4	Production and Cost <i>Video alternative:</i> <a href="https://www.youtube.com/watch?v=ucJBO9UTmwo">youtube.com/watch?v=ucJBO9UTmwo</a> A. the long-run [11] B. the short-run [12]
5	Perfect competition [13] <i>Video alternative:</i> <a href="https://www.youtube.com/watch?v=Z9e_7j9WzA0">youtube.com/watch?v=Z9e_7j9WzA0</a>
6	Monopoly [14] <i>Video alternative:</i> <a href="https://www.youtube.com/watch?v=ZiuBWSFlfoU">youtube.com/watch?v=ZiuBWSFlfoU</a>
7	Market power [15] A. Oligopoly: an introduction to game theory
8.	On the regulation of business