

Economics 100
Basic Economics
Section
HH 102 9:30-10:45 TTR

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Blackboard Site accessible via your Portal
Book: Issues in Economics Today 4th, Robert C. Guell

The Big Picture-The Course

This course serves as a Social and Behavioral Sciences Foundational Studies 2010 course (and remains a GE2000 SBS F:E course) and as such must meet certain objectives. For the Social and Behavioral Sciences (SBSLO) they are:

1. Describe how individual choices and/or evolving social institutions affect human decision-making;
2. Utilize discipline specific methodologies to predict an individual or social outcome;
3. Connect discipline-specific content and methodology to contemporary social issues; and
4. Explain how the specific discipline informs and contributes to other disciplines.

Because this course is part of the larger Foundational Studies Program, it is important to place its goals within the context of the program's goals. By the conclusion of your Foundational Studies Program at ISU, you will be able to (FSLO)

1. Locate, critically read, and evaluate information to solve problems;
2. Critically evaluate the ideas of others;
3. Apply knowledge and skills within and across the fundamental ways of knowing (natural sciences, social and behavioral sciences, arts and humanities, mathematics and history);
4. Demonstrate an appreciation of human expression through literature and fine and performing arts;
5. Demonstrate the skills for effective citizenship and stewardship;
6. Demonstrate an understanding of diverse cultures within and across societies;
7. Demonstrate the skills to place their current and local experience in a global, cultural, and historical context;
8. Demonstrate an understanding of the ethical implications of decisions and actions
9. Apply principles of physical and emotional health to wellness;
10. Express (yourself) effectively, professionally, and persuasively both orally and in writing.

The program is also designed to build skills for applied learning. These Skill and Applied Learning Objectives (S&ALO) require that the course contribute to

1. Developing critical thinking skills
2. Developing information literacy skills
3. Developing your writing skills (by including a graded writing component)

This course will directly address all of the Social and Behavioral Studies, all of the Skill and Applied Learning Objectives and all but two of the overall Foundational Studies goals (4 and 9). Specifically, you will be required to

- 1) understand how markets and the use of money evolved from barter and thereby significantly improved social well-being while simultaneously making societies more interdependent. (SBS LO #1)
- 2) understand how the major models of human behavior created by the discipline of economics can be used to effectively predict future outcomes. (SBS LO#2; FS LO #1 and 3; S&ALO #1)
- 3) verify and extend the historical macroeconomic data presented in the text to bring it up to date as well as to put that data in context; (FS LO#1 and #7; S&ALO #2)
- 4) evaluate the evidence presented in the issues chapters to determine which arguments you find wanting and which you find compelling; (FS LO #2)
- 5) compare use tools of the discipline of economics with those of the other disciplines; (FS LO#3)
- 6) use the tools of economics to educate yourself on issues thereby becoming a more effective and knowledgeable voter (FS LO#5)
- 7) use an international issue chapter (we will cover at least one of Chapters 15-19 (and if you choose, the Race and Gender Discrimination issue chapter) to discuss how economic interactions occur when there are international (or social) boundaries (FS LO#6 and #7);
- 8) use an issue chapter (or chapters) where ethical considerations of public policy actions are presented (15, 18-34, 38, 40, 42, &43) to consider whether unregulated markets do or do not serve a better society and whether government can influence those markets to generate a better outcome. (FS LO #1 and #8)
- 9) write essays (in the context of quizzes and exams) to describe an economic phenomenon or to take a side on a public policy issue. (FS LO#10; S&ALO #3)

Broadly speaking these objectives require that the course expose you to the methods and uses of social sciences in a way that gives you an understanding of the way the world works. Because this is an economics course you will acquire that understanding through that particular lens. We will discuss how the economic ideas of opportunity cost and marginality can be used to analyze decision making in your daily life as well as to analyze current policy issues. We will focus our attention on how free markets distribute goods and services in a capitalist economy where government intervention exists but is usually not dominant.

We will make certain assumptions about people (that they are rational and self-interested) and show, under those assumptions, how a market works. We will use the economic methodology of modeling market activities to come to our conclusions about how well they

serve our general interests and, where relevant, discuss the limitations of that economic methodology so as to place economics in a context with the other social science disciplines.

We critically analyze whether an unfettered market serves well in this capacity and cite several circumstances and conditions where it is unrealistic to expect such a market to succeed. It is then that we can talk extensively about how political and social institutions evolve to influence markets and how those institutions influence people.

By seeing how markets work, and sometimes fail to work, you will gain a new perspective on your role as a citizen in helping craft the political and social boundaries for markets. In the process you will see how economics informs public policy, and several disciplines in business generally, and finance in particular.

Grades: Mid-term Exams, 3 @ 15% each
Issues Ballot 1%.
Data Update 2%
Reading Quizzes best 13 of 15 @ 1% each
Content Quizzes, best 8 of 10 @ 3% each
Final Exam 15%
Engagement/Class Participation (up to 5% extra credit)

Scale: 100-85%	A
85-80%	A-
75-80%	B+
65-75%	B
60-65	B-
57.5-60%	C+
57.5-52.5%	C
50-52.5%	C-
47.5-50%	D+
42.4-47.5%	D
40-42.5%	D-

Attendance: Your attendance in class is desired and expected but your grade in class will be determined solely on the criteria outlined above.

This course assumes that you have had no economics but that you have an adequate understanding of junior high and high school algebra and high school geometry. This course is intended to teach you how to think as an economist. Simply put, you will be expected to be able to understand common everyday economic issues presented in newspapers. These issues include markets, prices, unemployment, inflation, the budget deficit and national debt, health care, welfare, taxes, saving,... in short lots of stuff.

The textbook, *Issues in Economics Today*, fits this course's purpose very closely in that it lays out the core theory of the discipline of economics and then provides 35 issues from which we will choose 8 to illustrate the application of economics to the real world.

Instructor Choice for the next sentence:

- 1) Those eight issues have been chosen by me to give you a well-rounded view of the application of economics to macroeconomic, international, and public policy issues.*
- 2) Those eight issues will be chosen by you, though I will use my discretion to ensure that you get a well-rounded view of the application of economics to macroeconomic, international, and public policy issues.*
- 3) Those eight issues will be chosen by you and I. I will chose ____ of them to ensure that you get a well-rounded view of the application of economics to macroeconomic, international, and public policy issues., You will choose the remainder.*

There will be 3 mid-term exams and a noncumulative final each with 10 multiple choice questions, 5 short verbal questions and 5 longer questions that require either graphical or verbal answers. There will be 10 content quizzes from which the best 8 will figure into your grade at 3 percent each. You will have 5-10 minutes to complete each content quiz. There will be 15 reading quizzes of which the best 13 will figure into your grade at 1 percent each that will simply test whether you have read the text. Each will be posted to Blackboard giving you 48 hours prior to the beginning of the introduction of a new chapter to complete them. These will typically be three Multiple Choice questions and will not require that you understand how to draw or interpret a graph that is new. You will have to be able to interpret graphs that, though they are an application of the same graph to a new topic, are not new themselves.

For sections with more than 100 students: On at least 4 occasions (in a combination of long answer exam questions and content quizzes) you will be required to explain an economic concept in a written essay. The essay is expected to be well written, with appropriate and convincing arguments. Taken together these writing portions will make up approximately ten percent of your grade.

For sections with fewer 100 students: On at least 4 occasions (in a combination of long answer exam questions and content quizzes) you will be required to explain an economic concept in a written essay. The essay is expected to be well written, with appropriate and convincing arguments. Taken together these writing portions will make up approximately ten percent of your grade. The first two of them will include notations from me as to how they could be improved. If you choose to accept the challenge, you may rewrite an answer and garner 50% of the missed credit on the question. This assignment is designed to develop your ability to write convincingly.

There will be one “data update” assignment worth 2% of your grade in which you will be required to update a data-based table, graph, or page of numerical textual references from your textbook. There are approximately 30 tables, 60 graphs and 300 references in the written text to economic data that are regularly updated from one edition of the text to the next. Even when an edition to the text is first used, the data are out of date by nine or more months. Each graph or table may be chosen by only one person. You must register your choice with me by the second exam. Those that do not will be assigned an update by me. This update is due on the last day of class and may be turned in at any time.

Your engagement in the material can be expressed in a number of ways. You can choose to participate in class by asking questions of me, answering my questions, or offering your (with hope, economically informed) opinion on the subject of the class. For each class period you do this you will receive one “Participant” slip. These will be given to you at the time of your participation. Each participant slip is worth one-half of one percentage of your final grade and is extra credit. (FSLO 10; S&ALO 1)

Another means by which you can engage the material is with group summary opinions. In a group summary opinion, you meet with no fewer than 4 and no more than 6 students from the class to discuss one of the subjects discussed in the “Issues” portion of the course. (You may,

with prior permission, choose a subject from the text that is not going to be covered in the course.) To complete this assignment, you are to meet (on your own) for no less than 30 minutes and talk through a subject. Once you have done that, you are to JOINTLY produce a one-to-two page summary of the various opinions and the logic and/or data presented in defense of that opinion. Each one of these one-to-two page papers will garner each of the participants one percentage point of extra credit. (FSLO 10; S&ALO 3)

A third means by which you can garner extra credit is by participating in an engagement event sponsored by the University. This may be any Speaker's Series, American Democracy Project activity or Center for Public Service and Community Engagement sponsored event but you must be able to write a one paragraph (minimum) statement that connects the event to some economic issue. Each of these can be worth one percentage point of extra credit. (FSLO 5; SBSLO 1,2,3,4; S&ALO 3)

The final means by which you can engage the material is to produce a one paragraph analysis of how any covered topic applies in your life. Examples of "How this Applies to Me" will be offered as we progress. (SBSLO 1, 2, 3; S&ALO 3)

Rules

1) As long as you are not disturbing the learning process of your colleagues I do not care what you wear, eat, or drink in class. However, whatever goes in your mouth stays there for the duration of class. This includes tobacco spit.

2) PDAs, Cell phones, electronic dictionaries, and pagers must be set to vibrate and must be kept away from sight during quizzes and tests. A cell phone (or a Bluetooth earpiece) in view during an exam or quiz will be viewed as a cheating mechanism during quiz and test time. YOU MAY NOT USE THESE DEVICES AS CALCULATORS.

3) Sleeping in my class is only punishable by me picking quiz and exam questions on material that coincides with your eyes being shut.

4) Makeups

Reading Quizzes: **You may not make up a reading quiz under any circumstance.** These quizzes are available 48 hours prior to the introduction of a subject. If you will not have computer access during that window, you will need to arrange a time to take it from me prior to it being available on Blackboard. If you have a problem with a Reading Quiz, I will attempt to fix it in time for you to complete it, but it is your responsibility to take the quiz in time so that if a problem arises, you can communicate with me, I can fix it, and communicate with you. The typical reading quiz problem results from an interrupted internet connection. If you go over the allotted 5 minutes by more than 90 seconds, you will get a zero on the quiz.

Content Quizzes: You may take a make up 1 content quiz for any reason (including “I do not feel like taking a quiz today.”) The catch: 1) you must do it at my office, 2) it must be completed within one week of the scheduled quiz, 3) it may be substantially more difficult than the one offered in class.

Tests: Makeup exams will be given when arranged **before** the day of the regularly scheduled exam for events that I believe are beyond your control and for documented exam-day illnesses (see the Student Health Center.) Makeup exams will be of regular difficulty and must be taken within one week of the scheduled exam. If you are granted a makeup for the exam, you lose your 1 CQ makeup.

5) Communication

I am happy to have you call any of my numbers as long as the time is appropriate. (I am awake from 6am to 10pm.) I am happy to receive emails and text messages as long as my response can be typed in fewer than 20 characters. Anything over that, and you should visit me in my office or call. All emails must come from your ISU email and have “Econ 100” as the first 8 characters of the subject line. (This is so I can easily sort them.) Text messages should be of the form: Dr. Guell, I am (your name) from your Econ 100 class. If I can’t answer your question in fewer than 20 characters, I will respond with “C ME.”

"The Sycamore Standard"
Indiana State University

Students at Indiana State University are expected to accept certain personal responsibilities that constitute the "standard" for behavior in a community of scholars.

As a student at Indiana State University:

I will practice personal and academic integrity; I will commit my energies to the pursuit of truth, learning, and scholarship; I will foster an environment conducive to the personal and academic accomplishment of all students; I will avoid activities that promote bigotry or intolerance; I will choose associations and define my relationships with others based on respect for individual rights and human dignity; I will conduct my life as a student in a manner that brings honor to me and to the University Community; I will discourage actions or behaviors by others that are contrary to these standards.

Adopted by the Indiana State University Student Government Association April 17, 2002

Policy on Academic Integrity

"Indiana State University requires that all students read and support the **Policy on Academic Integrity**. Academic Integrity is a core value of our community of learners. Every member of the academic community (students, faculty, and staff) is expected to maintain high standards of integrity in all facets of work and study. The **Policy on Academic Integrity** describes appropriate academic conduct in research, writing, assessment, and ethics. The policy is found in the **Code of Student Conduct** and on the web at www.indstate.edu/sjp/."

<http://www.indstate.edu/academicintegrity/studentguide.pdf>

AMERICAN WITH DISABILITIES ACT STATEMENT

"Indiana State University seeks to provide effective services and accommodation for qualified individuals with documented disabilities. If you need an accommodation because of a documented disability, you are required to register with Disability Support Services at the beginning of the semester. Contact the Director of Student Support Services. The telephone number is 237-2301 and the office is located in Gillum Hall, Room 202A. The Director will ensure that you receive all the additional help that Indiana State offers.

If you will require assistance during an emergency evacuation, notify your instructor immediately. Look for evacuation procedures posted in your classrooms."

Laptop Usage

While there will be no assignments or examinations for which the laptop will be used (in class), your use of a laptop is generally permitted as long as such usage remains within the bounds of the Code of Student Conduct and it conforms to the provisions of its use as laid out in this syllabus. There may be occasions where laptop usage is forbidden and if that occurs, failure to comply with this direction will be viewed as a violation of the Code of Student Conduct.

Academic Freedom

Teachers are entitled to freedom in the classroom in discussing their subject, but they should be careful not to introduce into their teaching controversial matter which has no relation to their subject.

The preceding comes from the American Association of University Professors statement on academic freedom. Though the entire statement¹ speaks to many issues, it is this portion on the conduct of the course that is most relevant. For the purpose of Foundational Studies courses this means that faculty have the right to conduct their class in a fashion they deem appropriate as long as the material presented meets the learning objectives laid out by the entire faculty.

¹ <http://www.aaup.org/AAUP/pubsres/policydocs/contents/1940statement.htm>

Schedule

Month	Tue	Topic	Thur	
Aug			27	Syllabus, Economics and Opportunity Cost
Sept	1	Economics and Opportunity Cost, Hand in Issues Ballot	3	Supply and Demand, CQ1 RQ1
	8	Supply and Demand	10	Supply and Demand, CQ2
	15	Elasticity, Consumer and Producer Surplus, RQ2	17	Elasticity, Consumer and Producer Surplus, CQ3
	22	Exam I	24	Firm Cost, RQ3
	29	Firm Cost, Perfect Competition and Monopoly, RQ4		
Oct			1	Perfect Competition and Monopoly, CQ4
	6	Perfect Competition and Monopoly	8	Macroeconomic Vocabulary, RQ5
	13	Macroeconomic Vocabulary, CQ5	15	Interest and Present Value, RQ6
	20	Aggregate Supply and Aggregate Demand, RQ7	22	Aggregate Supply and Aggregate Demand, CQ6
	27	Exam II	29	Issue #1 Tobacco, Alcohol, Drugs and Prostitution
Nov	3	Issue #1, 2 Race and Gender Discrimination	5	Issue #2,3 Energy Prices
	10	Issue #3,4 Health Care	12	Issue #4 Slack for review
	17	Exam III	19	Issue #5 International Trade
	24	Issue #5,6 Education	26	Thanksgiving
Dec	1	Issue #6,7 Federal Deficits and the National Debt	3	Issue #7,8
	8	Issue #8 Why College Textbooks Cost so Much	10	Slack for Review

Annotation about the issues covered: There are four instructors (Conant, Guell, Israel, and Yousif) who teach the course. Conant and Yousif choose the issues ahead of time. Israel chooses some of the issues and takes student input on others. Guell uses the attached ballot and chooses the highest vote getting issues subject to the constraint that at least one macroeconomic issue is covered, at least one market failure issue is covered, and at least one international issue is covered. The issues above are typical of a Guell-taught section and are included to show how particular LOs are met in this section of the course.

Ballot

Name _____

Chapter	Votes
Federal Spending	
Federal Deficits, Surpluses and the National Debt	
Fiscal Policy	
Monetary Policy	
International Trade	
International Monetary Fund	
NAFTA, GATT, and the WTO	
Tobacco, Alcohol, Drugs and Prostitution	
Environment	
Health Care	
Medicaid and Medicare	
The Economics of Prescription Drugs	
Personal Income Taxes	
Taxing the Return on Capital	
The Economics of Crime	
Education	
Poverty and Welfare	
Social Security	
Head Start	
Gender, Race and Affirmative Action	
Economics and the Law	
Farm Policy	
Minimum Wage	
Rent Control	
Ticket Brokers and Ticket Scalping	
Anti-Trust	
Oil Prices	
If We Build it Will They Come and Other Sports Questions	
The Stock Market and Crashes	
Unions	
The Economics of Terrorism	
The Cost of War	
The Implications of Wal-Mart on Local Economies	
The Economic Impact of Casino Gambling	
Why College Textbooks Cost So Much	
Economic Growth	
The Housing Bubble*	
Recession of 2007-2009*	
International Exchange Rates*	

*In the fifth edition

Make sure the total number of votes equals 10.

Annotated Schedule

Month	Day	Topic	Expanded Description of Topic & Pedagogy	Learning Objectives
Aug	27	Syllabus, Economics and Opportunity Cost	The syllabus is explained in great detail with a cautionary note as to the grading scale. References to Blackboard are made and access to pdfs of the powerpoints and study guides are demonstrated. The first definitions of what economics is as a discipline are offered and the the first graph, the production possibilities frontier, is derived and explained. The Issues Ballot is requested for the next period.	FSLO 1 S&ALO SBSLO 1,2
Sept	1	Economics and Opportunity Cost, Hand in Issues Ballot	The PPF is fully derived and the first Content Quiz (see annotated assessments below) is explained. The PPF is completed and fully explained. Economic logic, and flaws in logic (that correlation is causation and that the impact of an economic event is merely the aggregation of the impacts on the individual actors) are explained. Marginal analysis is explained and demonstrated. Reminder that Reading quiz #1 is up at the end of this class and must be completed before 15 minutes prior to the next class	FSLO 1 S&ALO SBSLO 1,2,4
	3	Supply and Demand, CQ1 RQ1	Questions sought with regard to CQ 1. (It is given at the end of the hour.) Free exchange, barter and money are discussed as social mechanism for improving welfare. The supply and demand model is introduced. The use of abstract models is justified and the difference between the scientific method and methods used in social science and economics is explained.	FSLO 1,2, 3 S&ALO 1 SBSLO 1,2
	8	Supply and Demand	The supply and demand model is explained and used in great detail. Factors that shift each are explored. CQ2 is announced.	FSLO 1, 3 S&ALO 1 SBSLO 1,2,4
	10	Supply and Demand, CQ2	Each of the variants is gone over in anticipation of CQ2. CQ3 is announced for the following week with the questions illustrating the ambiguous nature of economic models and economic predictions. This is the first chance to explain why economists don't always agree.	FSLO 1,2,3,5 S&ALO 1 SBSLO 1,2,3,4
	15	Elasticity, Consumer and Producer Surplus, RQ2	Elasticity is defined for both supply and demand. Students are challenged to come up with their own examples of goods that would likely exhibit elastic or inelastic demand (and then supply). CQ3 is gone over again.	FSLO 1,2,3, S&ALO 1 SBSLO 1,2,3,4
	17	Elasticity, Consumer and Producer Surplus, CQ3	The benefit of a market outcome relative to any other outcome is explained using the consumer and producer surplus tool. I use the Bible's and the Koran's admonition on the consumption of pork to ask what happens if there is a governmental ban on bacon. I show that both consumers and producers are worse off as a result. First "How this Applies to Me" (HTATM) example: name a good that you consume (beer, bacon, tobacco, etc.) that some would ban if they had their way. Who would be hurt? Helped? By how much? How would you measure it?	FSLO 1,2,3,5 S&ALO 1 SBSLO 1,2,3,4
	22	Exam 1		

Month	Day	Topic	Expanded Description of Topic & Pedagogy	Learning Objectives
	24	Firm Cost, RQ3	The rudiments of fixed and variable cost, and economic and accounting cost are explained. Questions are posed to require students to categorize costs into these groups. The benefits of the division of labor are explained and compared with the problems associated with diminishing returns.	FSLO 1,2,3 S&ALO 1 SBSLO 1,2,3,4
	29	Firm Cost, Perfect Competition and Monopoly, RQ4	The cost curves and their shapes are derived. The circumstances that need to be in place for the supply and demand model to fit reality are explored. The circumstances that lead the market outcome to monopoly are explored. CQ4 is announced.	FSLO 1,2,3 S&ALO 1 SBSLO 1,2,3,4
Oct	1	Perfect Competition and Monopoly, CQ4	The results of the perfectly competitive (supply and demand) and monopoly are contrasted. The two graphs are drawn, redrawn and re-redrawn to get to the import detail of the analysis.	FSLO 1,2,3 S&ALO 1 SBSLO 1,2,3,4
	6	Perfect Competition and Monopoly	The market forms of monopolistic competition and oligopoly are examined and explained. The characteristics of each market form are compared and contrasted. Students are required to place various industries within the four market forms. The importance of competition (& freedom of entry) are discussed and the supply curve under perfect competition is derived.	FSLO 1,2,3 S&ALO 1 SBSLO 1,2,3,4
	8	Macroeconomic Vocabulary, RQ5	The difference between "micro" and "macro" is explained. The "data update" assignment is explained. The principal economic measures (GDP, inflation, unemployment) are explained and their flaws described.	FSLO 1,2,3,5 S&ALO 1,2 SBSLO 1,2,3,4
	13	Macroeconomic Vocabulary, CQ5	The principal economic measures (GDP, inflation, unemployment) are emphasized. The business cycle is discussed with data. HTATM: Ask a parent, grandparent, etc. how much they paid for their first car, stereo, tv, computer, and use the CPI to compare how much that would have cost had its price increased at the same rate all prices did. Compare price per FLOP (floating point operation) of computers today as when the PC was introduced in 1982.	FSLO 1,2,3,5 S&ALO 1,2 SBSLO 1,2,3,4
	15	Interest and Present Value, RQ6	Interest rates, present value, future value, mortgages, annuities, are all explained in the context of a market for borrowed money.	FSLO 1,2,3,5 S&ALO 1,2 SBSLO 1,2,3,4
	20	Aggregate Supply and Aggregate Demand, RQ7	The macroeconomic model of aggregate supply and aggregate demand is presented in sufficient detail to allow students to explain why recessions occur and how some recessions had their origins in demand reductions and others in supply contractions. CQ6 is announced.	FSLO 1,2,3,5 S&ALO 1,2 SBSLO 2
	22	Aggregate Supply and Aggregate Demand, CQ6	The AS-AD model is used to show the impact of various policy changes (Fed changes in interest rates, as well as changes to government spending and taxation policy)	FSLO 1,2,3,5 S&ALO 1,2 SBSLO 2

Issues Annotation

Issue	Expanded Description of Topic & Pedagogy	Learning Objectives
Tobacco, Alcohol, Drugs, and Prostitution	This chapter illustrates why markets are not always perfect. Specifically, they fail when the costs of benefits of a market activity are borne by someone other than the buyer or seller (called an externality; e.g drunk driving, second-hand smoke) and when one party or the other has less information (or inadequate information) about a good (called asymmetric information). The chapter uses CS&PS surplus analysis (Ch3) to illustrate the costs and benefits of various policy remedies (taxation, prohibition, etc.)	FSLO 1,2,3,5,6,7 S&ALO 1,2 SBSLO 1-4
Race and Gender Discrimination	This chapter lays out the data on differences in earnings, income, wealth, poverty rates, etc. for whites, Hispanics, African-Americans, men and women. It defines disparate treatment, adverse impact, and statistical (or rational) discrimination and talks about the (il)legalities of each. It lays out a supply and demand model to look at the impact of discriminatory labor markets, why the profit motive could eliminate differential wages but, in reality doesn't, and explains why it doesn't. The chapter discusses why women make less than men and notes that the dominant explanations are sociological rather than economic. The chapter concludes with a discussion of affirmative action policies.	FSLO 1,2,3,5,6 S&ALO 1,2 SBSLO 1-4
Energy Prices	This chapter uses the supply and demand model to look at price fluctuations since the 1960s relative to historical events in the Middle East and hurricanes in the U.S. Gulf Coast. It uses the price expectations explanation to discuss rapid swings in prices and the cartel model to explain OPEC's dominant role in energy prices. The chapter concludes with a discussion of the failed California experiment with residential electricity deregulation.	FSLO 1,2,3,5 S&ALO 1,2 SBSLO 1-4
Health Care	This chapter describes why health care is not a typical service (asymmetric information coupled with ethical views of differential treatment of rich and poor). It lays out the costs and benefits associated with the private insurance (tied to employment) system in the US and compares those to those existing in other industrialized countries.	FSLO 1,2,3,5,8 S&ALO 1,2 SBSLO 1-4
International Trade	This chapter focuses on the gains from trade that exist when people (or countries) or different resource endowments or skill sets trade. Comparative and absolute advantage of production are explained and it is demonstrated that even when one country has an absolute advantage in all goods that there are gains to be had from trading with other countries. The chapter concludes with a discussion of reasons why trade might reasonably (and unreasonably) be restricted and how those restrictions might manifest themselves and at what cost.	FSLO 1,2,3,5,6 S&ALO 1,2 SBSLO 1-4
Education	This chapter focuses on a similar (yet opposite) problem as the TADP chapter in that the externalities are positive. This is used to explain why publicly funded education is economically efficient. The data on spending, student-teacher ratios, and educational outcomes, are presented with cautions against quick (post-hoc-ergo-propter-hoc) judgments. Present value analysis is used to discuss education (specifically a college education) as an investment in human capital.	FSLO 1,2,3,5,8 S&ALO 1,2 SBSLO 1-4
Federal Deficits and the National Debt	This is the macro issue chapter and is used to illustrate the Ch7 macroeconomic vocabulary and the Ch8 AS-AD model.	FSLO 1,2,3 S&ALO 1,2 SBSLO 1-4
Why College Textbooks Cost So Much	This is a good chance for students to look at a subject that they think they know a lot about in a systematic fashion. Specifically, we use the cost curves (from Ch 4) and the market models (from Ch 5) to explain the outcome in an industry where there are very high fixed costs, low variable costs, and intellectual property rights. It is also one where someone else decides what their choices are (faculty choosing the books for their classes) leaving them with a take-it or leave-it choice. We also talk about the consequences of third-party payment (perhaps their parents) and regulations in this market. (This market is similar to prescription drugs.)	FSLO 1,2,3 S&ALO 1,2 SBSLO 1-4

Annotated Assessments

Assessment	Question(s) asked	Pedagogical Point of the Question(s)
Content Quiz #1	Draw and fully label a production possibilities frontier where there is increasing opportunity cost. Make sure to label the axes, the ppf, attainable and unattainable points and points where there is unemployment. Show that the ppf you drew has increasing opportunity cost. Or Draw and fully label a production possibilities frontier where there is constant opportunity cost. Make sure to label the axes, the ppf, attainable and unattainable points and points where there is unemployment. Show that the ppf you drew has constant opportunity cost.	Introduce students to taking a graph-based assessment with proper labeling.
Content Quiz #2	Show on a supply and demand diagram the result of 1 of 30 variations on an increase or decrease in 15 different factors that could change demand or supply	To have students be able to take a question and translate that into the supply and demand model so as to generate a prediction.
Content Quiz #3	Show on a supply and demand diagram the result of an (increase/decrease) in (income/the price of another good) . Is there only one answer to the question?	There are two answers to the “income” question and four to the “price of another good” question. This force students to use the model to show there is an ambiguous result.
Exam #1	10 MC over mostly technical material; 5 short answers and are definitions and lists; 5 longer graphical questions. There is no substantive writing on this exam.	To solidify the basic supply and demand model as the means by which nearly all microeconomic problems are analyzed.
Content Quiz #4	Suppose an employee of Widgets-R-US decides to form her own rival company because she is convinced that she can build and market a better widget. Further suppose that she will quit her job and devote her life savings to the project. She will buy raw materials, pay employees and, with hope, make a profit. List one type of cost that would be both an accounting cost and an economic cost of her business. List one type of cost that would be an economic cost but not an accounting cost of her business. Accounting Cost and Economic Cost _____ Economic Cost but not an Accounting Cost _____ & Tell a story about production in a facility that corresponds to the production function depicted below. Or Tell a story about costs in a facility that corresponds to the total cost function depicted below.	To have students separate the notions of accounting and economic costs. To put the economic concepts of the division of labor and the diminishing returns into the abstraction of the production function and cost function
Content Quiz #5	Assume a firm has many competitors. Draw an ATC-AVC-MC diagram that includes demand and marginal revenue. Assume that the firm at least makes a normal profit (you can depict it making an economic profit as well). Label the amount that the firm will produce and the price it will charge. Or Assume a firm has no competitors. Draw an ATC-AVC-MC diagram that includes demand and marginal revenue. Assume that the firm at least makes a normal profit (you can depict it making an economic profit as well). Label the amount that the firm will produce and the price it will charge.	To have students draw technically difficult abstractions that will later be used to draw interesting conclusions in the issues portion of the course. (In particular, the textbook, ticket scalping, and energy issues require these skills when they are examined.)
Content Quiz #6	Given the following information: Price of market basket in 1980 (base) \$10,000 Price of market basket in 1981 \$10,100 Price of market basket in 1992 \$14,000 Calculate: (All answers may be left as fractions) a) Price Index in 1980 b) Price Index in 1981 c) inflation from 1980 to 1981 g) the percentage rise in prices from 1980 to 1992 If there are 105 people, 95 who work and 5 are looking for work but do not have jobs and 5 who do not have jobs and are not looking for work, calculate the unemployment rate and illustrate the encouraged and discouraged worker effect on the unemployment rate.	To have students be able to compare prices from one year to the next. To have students understand how unemployment rate changes (even seemingly good ones) can have negative causes.
Exam #2	Same as Exam 1	

The issues chapters allow for less technical questions. The answers to these are typically in essay form. The issue exams are of the same structure as the core theory exams but they are more likely to be expressed like this:

- Compare the health care finance system in the US to the rest of the world.
- Explain how the used textbook market has grown and how information technology has made it a growing industry.
- Compare and contrast the economists' explanation and the sociologists' explanation for why women make less than men.
- List and explain the gradations of affirmative action.
- Explain the idea of comparative and absolute advantage in the context of a good typing brain surgeon and a poor typing secretary.
- Relate the increase in international trade to the following observation: It is harder for a person to make a decent living in the US without a college degree but with an advanced degree the outlook is better than ever.

Some questions lend themselves to a combination of text with a graph

- Model sex discrimination in the workplace and discuss what economic mechanisms would lead to its effects being less. What issues may get in the way of economic incentives eliminating the effect of gender discrimination in terms of pay equity.