

ARE 012 COURSE SYLLABUS
INTRODUCTION TO AGRICULTURAL ECONOMICS
Spring 2010

Herman Sampson 4332 Nelson Hall 515-4676 (W), 266-6317 (H) until 9:00 pm. E-Mail: herman_sampson@ncsu.edu Office Hours: 3:45 -4:30 M, 3:45-4:30 T, 3:45- 4:30 W Friday by appointment	Class Meets: MW 11:20-12:10 Riddick 451 TH 11:45-12:35 GA 3214 Lab Meets: M 1:30-3:20 KI 125 W 1:30-3:20 GA 2213
---	---

Course Objective: Primarily a study of the organization and operation of our economic system from a microeconomic perspective. Economic forces determining the level of prices, the allocation of resources, costs of production, and economic decision-making from the individual firm's point of view are analyzed. In addition, the role of government in a market economy, taxation, general agricultural policies, macroeconomic topics, and consumer economic issues are integrated within lectures. An additional objective is for students to become literate in the use of computing resources such as e-mail, World Wide Web, and word processing during the course.

Text and Supporting Resources:

1. Mankiw, N.G., Principles of Economics, FIFTH EDITION, Southwestern/CENGAGE Learning, 2009, available at the NCSU Bookstore and other outlets. This text is required, you may use this edition, the fourth edition referenced below, or the third edition. Student evaluations over the years have resulted in about 50% of students finding the text “very useful” and about 50% have found it not “very useful”. Cost: ~\$198.49, ISBN: 0-324-58997-2.
!!!OR!!!
2. Mankiw N.G., Principles of Economics, Fourth Edition, Thomson-Southwestern, 2007. This text is required. Student evaluations over the years have resulted in about 50% of students finding the text “very useful” and about 50% have found it not “very useful”. Cost: ?????, ISBN 0-324-22472-9.
!!! OR !!!
3. Mankiw, N.G., Principles of Economics, Fifth Edition, Thomson-Southwestern, 2009. Electronic Book. You gain access to the ebook by purchasing the book online with a credit card and then the book is downloaded onto your computer through the Adobe Reader. The web site for ordering and downloading the ebook is:
<http://www.cengagebrain.com/tl1/en/US/storefront/ichapters?cmd=CartDisplay&ShippingCartKey=2974607&returnParamURL=http%3A%2F%2Fwww.cengagebrain.com%2Ftl1%2Fen%2FUS%2Fstorefront%2Fichapters%3Fcmd%3DCLHeaderSearch%26OP%3Dsearch%26filterResultBy%3DCategory%26DisplayStyle%3DSingleLevelCategory%26showAll2ndLink%3Dfalse%26catKey%3D-1%26fieldValue%3DPrinciples+of+Economics%2C+5th+Edition>
Cost: ~\$110.49, ISBN-10: 1-4390-2060-4.

4. Sampson, H.A., Introduction to Agricultural Economics: Class Notes and Labs, Download from the Web at: <http://www.cals.ncsu.edu/course/are012/intro.html>. **Required.** Cost: **No Monetary Charge**
5. Walden, M. L., Everyday Economics: Applications and Answers for Your Life, Your Money, and Your Government, FIFTH Edition, Kendall/Hunt Publishing Co., 2008. This text is **required** and available at the NCSU Bookstore and other outlets. Cost: ~\$51.00. ISBN 978-0-7575-5658-6. Buy the text with the **LIGHT BROWN** cover! To see what the book looks like, go to:

<http://www.kendallhunt.com/index.cfm?TKN=A256EE77-19B9-B72C-DDCC14D881746376&PID=219&AUT=&ISB=&DIS=210&GRA=0&DES=&MTC=exact&BOOL=AND&KEY=&PPS=25&SRT=rank&CMD=detail&SRH=&PRD=367>

Buyers beware of purchasing texts from internet vendors. It is my experience with past students that you will sometimes not receive in the mail what you think you ordered over the internet. If the price seems too good to be true, it probably is an older edition of the text and page numbers and data tables will not be the same that I am referring to in the assignments.

6. Supplementary Readings for ARE 012, a set of readings and newspaper articles that demonstrate the economic principles discussed in class and in the primary text. Several assignments will be made requiring you to read from this collection. Electronic copies of the articles will be available via the ARE 012 Home page under the "Supplementary Readings" link.
7. Econweb.com is an on-line economics textbook that maybe very useful to you. There is a micro text and a macro text available. You can subscribe to one or both of the texts over the web for six months at \$9.95 for each text. URL: <http://www.econweb.com/> (**Optional**)
8. ARE 012 Computer Resources are available in the CALS Computing Labs. There are numerous computer files available for students to use as supportive resources to this course. All assignments made to date will be posted to the listserv and web page. Help sheets for practical exercises are available. Class lecture notes are available on the web for you to download. You will be asked to print several reading assignments from the computer network. The syllabus for this course is on the course web page. You may be required to complete e-mail assignments during the semester. Your first lab will instruct you on how to use the computer resources that are available. The URL for the ARE 012 home page on the web is:

<http://www.cals.ncsu.edu/course/are012/intro.html>

Grading: Your final, numerical grade will be the weighted average of the following evaluation criteria subject to adjustments where explicitly noted:

	<u>Weight</u>
Labs, and Homework Exercises	25%
Exam #1	25%
Exam #2	25%
Final Exam	25%

	100%

Miss any combination of 3 labs, homework exercises, and/or **CLASSES** you will **lose a letter grade for the semester**. The value of individual labs and homework may increase as the semester progresses in response to class attendance patterns, or this instructor's expectation of attendance for given lectures. This practice illustrates the economic concept of increasing opportunity cost, as well as a practical application of decision making in a world of risk and uncertainty.

WARNING: Under this grading system, missing class, missing lab, and not doing assignments will seriously jeopardize your grade!

Academic Integrity: (www.fis.ncsu.edu/ncsulegal/41.03-codeof.htm)

Both faculty and students at North Carolina State University have a responsibility to maintain academic integrity. An informational brochure about academic integrity is available from the university and students are encouraged to obtain a copy. Additional information is contained in the NCSU Code of Student Conduct.

Academic Dishonesty: Scholarly activity is marked by honesty, fairness and rigor. A scholar does not take credit for the work of others, does not take unfair advantage of others, and does not perform acts which frustrate the scholarly efforts of others. The violation of any of these principles is academic dishonesty.

Academic dishonesty includes the giving, taking, or presenting of information or material by a student with the intent of unethically or fraudulently aiding oneself or another person on any work which is to be considered in the determination of a grade or the completion of academic requirements.

The Honor Pledge - The students and faculty of NCSU believe that the willingness of students to affirm and adhere to the essential values of honesty and integrity in all their academic endeavors is exemplified in the Honor Pledge:

I have neither given nor received unauthorized aid on this test or assignment

It is university policy that all students sign the Honor Pledge on tests and assignments for each course as specified by the instructor.

Your final numerical grade will be converted to a letter grade as follows:

A numerical grade of: **98-100% is equivalent to an "A+"**

93-97% is equivalent to an "A"

90-92% is equivalent to an "A-"

88-89% is equivalent to an "B+"

83-87% is equivalent to an "B"

80-82% is equivalent to an "B-"

78-79% is equivalent to an "C+"

73-77% is equivalent to an "C"

70-72% is equivalent to an "C-"

68-69% is equivalent to an "D+"

63-67% is equivalent to an "D"

60-62% is equivalent to an "D-"

Below 60 is equivalent to an "F"

Letter grades can be adjusted **down** due to attendance or failure to turn in required work as previously noted.

Numerical grades will be rounded up to the next whole number if the fractional value is greater than or equal to (.45), and rounded down to the next whole number if the fractional value is less than (.45).

For example: a final numerical grade of 89.45 will be rounded to a 90.00
a final numerical grade of 89.44 will be rounded to an 89.00

GRADES WILL NOT BE "CURVED".

A grade of Incomplete (IN) will be determined by the instructor on a case by case basis.

Anyone experiencing difficulty with the course should contact me as soon as possible so that an appointment for personal attention can be made.

PLEASE: If you have a diagnosed Learning Disability, or have ever been told that you may have a Learning Disability; let me know immediately! You may come to me after class, visit with me in my office, write me a note, call me at home; whichever you feel most comfortable with. All information you provide me is confidential. Resources have been established for assisting you with this class. Please take advantage of them! Again, please let me know as soon as possible.

Teaching Assistant and Lab Instructor:

Name:

Location:

Office Hours: Will be sent to you via the class listserv

Phone #:

E-Mail:

Class Policy

1. If you miss an exam, you will take a **cumulative final exam** and the weight of your cumulative final exam grade will be increased by the weight of the exam you miss. If you miss the exam due to an **excused absence**, a make-up exam will be granted. Appropriate documentation will be required.
2. The Agricultural Institute has a mandatory attendance policy. Attendance will be taken at each class period using a seating chart starting the second week of classes. Attendance will be taken in lab. Labs may be started at home, **but must be completed in the lab. You must turn in your own lab. You cannot have someone else turn in a lab for you unless prior arrangements with the instructor or the teaching assistant have been made.**
3. Homework and labs turned in after the due date will **NOT** be graded without an excused absence presented in memorandum format.
4. Reading and homework assignments will be e-mailed to you prior to the beginning of each class, and will also be available on the ARE 012 web page the day after class.
5. Students will be reminded of exam dates at least a week in advance. Exams will be given during the two-hour lab period. Lab #5 and Lab #10 are reserved for exams.
6. Electronic communication devices such as cellular phones, i-pod devices, PDA's, etc. are to be disabled during class and lab unless prior arrangements are made with the instructor. These devices can be disruptive to fellow students, and the instructor.

Excused Absences: (www.ncsu.edu/provost/academic_regulations/attend/reg.htm)

1. Death in the immediate family.
2. A medical emergency in the immediate family.
3. Accident or illness that requires that YOU be hospitalized.
4. Official Agricultural Institute functions.
5. Excused absences under University policy, ie. Military service, court dates, etc.
6. Prior approval of instructor.

FORMAT FOR EXCUSED ABSENCE MEMORANDA:

When communicating with me regarding excused absences, please provide information on an 8.5 by 11 inch sheet of paper, or by **e-mail**, in the format of a memorandum as follows:

DATE
<u>MEMORANDUM</u>
TO: Herman Sampson
FROM: Your name, day and time of class, section number, phone number
SUBJECT: Main subject of your communication
THE INFORMATION YOU WISH TO COMMUNICATE TO ME.

INSTRUCTIONAL OBJECTIVES

Upon successful completion of this course, the student will be able to:

1. Discuss private property rights and their importance to a market economy; the externalities that occur when property rights are not well defined and enforceable; and the rationale behind many of the government rules, regulations and laws that are legislated to rectify negative externalities.
2. Define and discuss basic fiscal and monetary policy, and the policy tools used by government to affect the macro-economy.
3. Discuss the concept of scarcity and classify scarce resources and commodities.
4. List and discuss the characteristics of pure capitalism and a mixed economy.

5. List and discuss the functions that an economic system must perform for a society, regardless of economic system employed by that society.
6. Define and be able to utilize the concept of opportunity cost in decision-making.
7. Calculate, and be able to utilize the concept of private economic efficiency in decision-making for business applications.
8. Determine profit-maximizing quantities of inputs and outputs with regard to production decisions using marginal analysis for the basis of this decision-making for business applications.
9. Develop and utilize skills in graphing, and graphical analysis of data.
10. Discuss the concept of scarcity leading to tradeoffs among production alternatives for a nation, a business firm, and an individual using the production possibilities model.
11. Define, discuss, and utilize the concepts of demand, supply, relative price, nominal price, and inflation in conjunction with decision-making for business applications.
12. List determinants of demand and supply and the appropriate affects these determinants have on demand and supply curves; and conduct basic demand-supply, graphical analysis.
13. Calculate and interpret price elasticity of demand, income elasticity of demand, and cross-price elasticity of demand, and be able to estimate the magnitude and direction of price changes from changes in the determinants of demand and supply.
14. Calculate economic costs of production for machinery and equipment, and use marginal analysis to make profitable business decisions.
15. Prepared to take advanced courses in Agricultural Business Management, Agricultural and Agribusiness Marketing, and Agricultural and Environmental Policy.

TENTATIVE COURSE OUTLINE

Class Period

Class Introduction

- 1 Review syllabus and class policy. Developing a system of study for this course.

Thinking Like an Economist

- 2,3, Microeconomics and macroeconomics will be differentiated. Normative and positive economics will be differentiated. Basic fiscal policy and monetary policy will be introduced by utilizing current political and economic headlines. Private property rights, negative, and positive externalities will be defined and discussed using recent real world examples. Students will be made aware of the estimated cost of raising a child from birth to 18 years, and an example of the N.C. child support formula will be utilized in an effort to provide adequate pecuniary cost information on which to base personal decisions. The affect of exchange rate changes on the price of imported and exported commodities will be discussed. Real world examples, such as the recent devaluation of the dollar relative to the Japanese yen will be discussed. The pricing actions of the "big three" U.S. auto makers in 1986 when the dollar weakened relative to the yen will be presented. The use of theory and models will be discussed. Students will be introduced to the consumption-production model.

Fiscal Policy Overview

- 4, 5 Fiscal policy is defined and discussed. Topics such as the annual federal deficit and the national debt are discussed. Taxes and government spending are discussed within the framework of the federal budget. The consumption-production model is revisited to illustrate how government can affect the economy with its fiscal policy choices.

Monetary Policy

- 6, 7 The Federal Reserve System and its responsibility to carry out the nation's monetary policy is introduced. Inflation, interest rates, and mechanisms to control the money supply are discussed. The consumption-production model is revisited to illustrate how the Federal Reserve can affect the economy with its monetary policy choices.

Class Period

Introduction to Economics

8, 9 The definition of economics will be presented and discussed in detail. Scarce resources will be defined and classified. The allocation of scarce resources among production alternatives will be discussed. Commodity classifications will be developed. The importance of time to consumption, production, and decision-making will be emphasized. The primary functions of price will be identified and discussed.

Our Economic System

10, 11 The characteristics of pure capitalism: private property, free enterprise and free choice, self-interest, competition and unrestricted markets, the market system, and the limited role of government will be identified and discussed in detail. An example utilizing Ag. Institute enrollment response to market price changes over time will be used to demonstrate resource reallocation.

Pure communism and mixed economic systems will be discussed relative to pure capitalism.

The following questions will be posed to the class:

- What economic system is practiced in the U.S.?
- How have U.S. political parties affected the general economic system mix of the U.S. over time?

The Functions of Any Economic System

12,13 The functions that must be performed by any economic system: determine what commodities to produce and how much, organize the production process, distribution of resource, commodities and proceeds from production, provide for maintenance and growth of the economic system, restrict consumption to the supply of resources and commodities available over time, will be identified and discussed in detail.

The circular flow of economic activity for a free-market system, and the circular flow of economic activity for a mixed-market system will be illustrated. The affect of taxes and subsidies on the circular flow of economic activity will be discussed and used to partially explain expansionary and recessionary cycles. The consumption-production model will subsequently be related to the circular flow of economic activity.

Class Period

EXAM #1 IS TENTATIVELY SCHEDULED IN LAB

Opportunity Cost

14,15 Lecture will illustrate that economic forces and non-economic forces determine and mold decision-making. The instructor will objectively present controversial and emotional issues to the class, and ask for their input. The "emotional overcoat" concept will be developed and used to illustrate how subjective reasoning can affect decision-making. Students are encouraged to look at issues from an objective economic perspective first, then put their "emotional overcoats" on and make their decision.

Opportunity cost will be defined and developed as a key economic principle. Several practical applications will be discussed to enhance the student's understanding of opportunity cost. The "true cost" of going to college will be calculated with student input. Students should realize that opportunity costs are highly variable among individuals, and only the individual can accurately assess opportunity costs for themselves and their situation.

Private Economic Efficiency

16, 17 The concept of private economic efficiency will be developed as a tool for analysis and decision-making. The substitution of fossil fuel energy for labor (human energy) over time in agriculture will be used to demonstrate economic efficiency and the principles of resource substitution. Students will be introduced to annual ownership costs and operating costs of machinery and equipment in a class exercise to reconcile theory with real world behavior.

Introduction to Marginal Analysis

18 Students will learn that marginal analysis is used to assist managers (consumers) in allocating their scarce resources to maximize the net benefits from production (consumption). The profit maximizing output rule, and the profit maximizing input utilization rule will be presented.

Class Period

**Production Possibilities Curve
and Economic Growth**

19, 20

Students will recognize that scarce resources lead to tradeoffs among production alternatives for a nation, a business firm, or an individual.

The law of increasing costs will be developed. Current consumption versus investment in capital goods, as well as other methods of fostering economic growth (increasing the gross domestic product) will be discussed. A "link" will be established between the discussion presented on this subject matter and the discussions held about social security and retirement issues.

The following questions will be posed:

- What methods did the Roman Empire use to foster economic growth?
- Why did World War II ever start?
- Why did the U.S. help rebuild Germany and Japan under the Marshall Plan following World War II?
- Why did Iraq invade Kuwait on August 2, 1990?

The answers to these questions should provide students with economic rationales for human behavior.

A practical application of the production possibilities curve illustrating the possible outcomes associated with the tradeoff between resources invested in academic studies, and resources consumed by leisure activities at the university; is presented. A class exercise, and a practical will be used to apply these principles and concepts.

EXAM #2 IS TENTATIVELY SCHEDULED IN LAB

**Market Demand, Relative Prices,
and Inflation**

20,21

Demand, quantity demanded, and the law of demand will be defined and discussed with students.

Class Period

20,21 An example utilizing the minimum wage law is used to demonstrate employer response to an increase in the price of unskilled labor.

Nominal prices will be distinguished from relative prices. The following questions will be posed:

- What is inflation?
- What affect does inflation have on the general economy, and individual decision-making?

22,23 An inelastic supply curve (quantity available) will be introduced in order to discover the equilibrium or market clearing price. Shortages and surpluses will then be developed by fixing prices below and above the equilibrium price.

The determinants of demand: consumer disposable income, price of substitutes, price of complements, consumer tastes and preferences, consumer expectations about future prices, change in the demographic structure of the population, weather, length of the consumer adjustment period, the availability of substitutes, and the proportion of the consumers budget the price of a good or service represents, will be identified and discussed.

Market Supply

24,25 Supply, quantity supplied, the law of supply will be defined and discussed with students. The determinants of supply: number of firms in the industry, technology, weather, costs of production, price of other commodities that use a similar set of resources, producer expectations about future prices, length of the producer adjustment period, and taxes and subsidies, will be identified and discussed.

Class Period

Price Elasticity of Demand

26, 27

Students will learn to calculate and interpret price elasticities. The relationship between price changes, price elasticity of demand, total revenue, and net revenue will be demonstrated.

The difference between a "price-searcher" and a "price-taker" will be demonstrated and discussed.

The importance of price elasticity of demand to pricing decisions made by price-searchers will be discussed.

The importance to price-takers in making agricultural production decisions using the price elasticity of demand to forecast agricultural price changes that result from changes in agricultural supply estimates will be discussed.

The basic tenets of U.S. domestic agricultural policy are discussed.

**Other Elasticities and
Market Analysis**

28, 29, 30

Income elasticity of demand, cross-price elasticity of demand, and price elasticity of supply will be introduced and discussed.

Elementary demand and supply analysis will be conducted by changing the determinants of demand and supply from base conditions.

The class will investigate the affect of sales and excise taxes on the market, and will examine the conditions that determine who bears the ultimate tax burden.

Students will examine the economic effects of a new payroll tax placed on employers to fund a national health care program

A labor cost worksheet will be used in class to calculate the real cost of human capital to an employer, and demonstrate the consequences of additional payroll taxes.

FINAL EXAM SCHEDULE:

For the 11:20-12:10 MW class: Friday, May 7, 2010 at 8:30 a.m.

For the 11:45-12:35 TH class: Thursday, May 6, 2010 at 8:30 a.m.

Assignment #

TENTATIVE READING ASSIGNMENTS

**[Mankiw 4th Edition Page Numbers are in brackets]
(Mankiw 3rd Edition Page Numbers are in Parenthesis)**

- 1 Read Chapter #1 and Chapter #2 of MANKIW
Read Appendix to Chapter #2: Graphing: A Brief Review
pp. 40-48 [pp. 38-46] (pp. 36-43)

ECONOMICS U\$A: Program #28

- 2 Read Chapter 23 of MANKIW: "Measuring a Nation's Income", pp. 507-512 [pp. 507-512] (pp. 499-504) and "Real vs. Nominal GDP", pp. 515-524 [pp. 515-525] (pp. 507- 515).
Read Chapter 26 of MANKIW: "Saving, Investment, and the Financial System."
Read Chapter 28 of MANKIW: "Unemployment and Its Natural Rate."
Read Chapter 12 of MANKIW: "The Design of the Tax System."
Read Chapter 33 of MANKIW pp. 739-742 [pp. 739-742] (pp. 723 – 727) and pp. 761-771 [pp. 760-771] (pp. 742 – 751).
Read Chapter 25 of MANKIW: "Production and Growth."

Read ["Production-Consumption Model"](#) under the
"Supplementary Reading" link of the ARE 201 Home Page

ECONOMICS U\$A: Program #4, #5, #6, #7, #12

- 3 Read and complete ["Fiscal and Monetary Policy"](#) under the
"Supplementary Reading" link of the ARE 201 Home Page
Read Chapter 29 of MANKIW: "The Monetary System."
Read Chapter 30 of MANKIW: "Money Growth and Inflation"
Read Chapter 34 of MANKIW: "The Influence of Monetary and Fiscal Policy on Aggregate Demand."

ECONOMICS U\$A: Program #8, #9, #10, #13.

- 4 Read ["Scarcity"](#) in the Electronic Reserve Room

ECONOMICS U\$A: Program #1, #2.

- 5 Read Chapter #2 of MANKIW: "Thinking Like An Economist", pp. 23-25 [pp. 22-24] (pp. 22-23). Print ["Circular Flow of Economic Activity \(Free Market\)"](#) under the "Supplementary Reading" link of the ARE 201 Home Page

ECONOMICS U\$A: Program #2

Assignment

- 6 Read Chapter #11 of MANKIW: “Public Goods and Common Resources”, pp. 225-230 [pp. 223-228] (pp. 225 – 237).
Read Chapter #3 of MANKIW: “Interdependence and Gains from Trade.”
Read "[More Than Free Markets Are Needed](#)" in the Electronic Reserve Room.

ECONOMICS USA: Program #11, #12, #14, #18, #21, #26

- 7 Read and complete "[Opportunity Cost](#)" under the "Supplementary Reading" link of the ARE 201 Home Page
- 8 Read and complete "[Efficiency](#)" under the "Supplementary Reading" link of the ARE 201 Home Page

ECONOMICS USA: Program #18

- 9 Read and complete "[Efficiency II](#)" under the "Supplementary Reading" link of the ARE 201 Home Page
- 10 Read and complete "[Marginal Analysis](#)" under the "Supplementary Reading" link of the ARE 201 Home Page
- 11 Read Appendix to Chapter #2: “Graphing: A Brief Review” pp. 40-48 [pp. 38-46] (pp.36-43), AGAIN.

Read Chapter #2 of MANKIW, pp. 25-28 [(pp. 24("Production Possibilities Frontier.") to 26.)]

ECONOMICS USA: Program #3, #25.

- 12 Read "[Tradeoffs](#)" under the "Supplementary Reading" link of the ARE 201 Home Page.
Read "[Production Possibilities](#)" under the "Supplementary Reading" link of the ARE 201 Home Page
- 13 Read Chapter #4 of MANKIW: “The Market Forces of Supply and Demand.”
Read "[Measuring Inflation](#)" under the "Supplementary Reading" link of the ARE 201 Home Page

ECONOMICS USA: Program #7, #10, #16.

- 14 Read "[Demand](#)" under the “Supplementary Reading" link of the ARE 201 Home Page

Assignment

- 15 Read [“Demand and Supply”](#) under the "Supplementary Reading" link of the ARE 201 Home Page
Complete [“Demand and Supply Problems”](#) under the "Supplementary Reading" link of the ARE 201 Home Page
Complete [“Demand and Supply Problems Part II”](#) under the "Supplementary Reading" link of the ARE 201 Home Page

- 16 Read Chapter #5 of MANKIW: "Elasticity and Its Application."
Read Chapter #6 of MANKIW: "Supply, Demand, and Government Policies."
Read [“Elasticity”](#) under the "Supplementary Reading" link of the ARE 201 Home Page
Complete [“Elasticity Problems”](#) under the "Supplementary Reading" link of the ARE 201 Home Page

- 17 Read Chapter #13 of MANKIW: "The Costs of Production"
Read Chapter #8 of MANKIW: "Application: The Costs of Taxation."
Read Chapter #19 of MANKIW: "Earnings and Discrimination."
Read Chapter #20 of MANKIW: "Income Inequality and Poverty."
Read Chapter #22 of MANKIW: "Frontiers of Microeconomics."

LABS

Purpose of Lab

Lab #1

- Subscribe you to the course's Listserv
- Polish your email skills
- Familiarize you with the course's web page
- Refine your skills at using the world wide web in your college studies

Lab #2

- Review some of the basic economic concepts covered in lecture since the last lab. (Externalities in Mankiw, Chapter #10).
- Teach you how to calculate and interpret the unemployment rate (Mankiw, Chapter #28)
- Polish your ability at using the economic method in research
- Teach you how to determine the purchasing power of a dollar (Mankiw, Chapter #24)
- Show you how to compare the cost-of-living among states

Lab #3

- Teach you how to estimate the cost of raising children
- Show you how to interpret the government's role in the economy (Mankiw, Chapter #23)
- Examine the significance of the federal debt and federal budget deficits
- Introduce you to several benchmarks that are used to gauge economic activity (Mankiw, Chapter #35 as reference for homework assignment)

Lab #4

- Teach you how to calculate your tax burden, disposable income, and discretionary income (Mankiw, Chapter #12)
- Introduce you to the Consumption - Production Model of economic activity
- Show you how to incorporate fiscal policy into the Consumption - Production Model
- Analyze the components of interest rates
- Reference Mankiw, Chapters #26, 29, 30, and 33 for the second, third and fourth topics listed.

Lab #5

- **Exam 1**

Lab #6

- Review some of the basic economic concepts covered in lecture since the last lab (Mankiw, Chapter #11)
- Help you determine if a second job is worthwhile
- Teach you how to analyze your expenses

Lab #7

- Examine the functions of an economic system
- Teach you how to use the opportunity cost of an activity in making decisions

Lab #8

- Review the mathematics of percents and percent changes
- Examine the Circular Flow Model of economic activity
- Show you how to develop an Asset Replacement Fund
- Teach you how to use the physical efficiency and the economic efficiency of a factor of production in making business decisions

Lab #9

- Teach you how to calculate the ownership and operating costs of capital goods

Lab #10

- **Exam 2**

Lab #11

- Teach you how use marginal analysis in making business and personal decisions
- Review the fundamentals of graphing

Lab #12

- Examine the production possibilities of goods and services (Mankiw, Chapter 2, pp. 24 – 26)
- Develop your ability at using real and relative prices in making business and personal decisions
- Analyze demand schedules and curves (Mankiw, Chapter #4)

Lab #13

- Continue the study of Demand schedules and curves from Lab 12
- Analyze supply schedules and curves
- Show students how demand and supply schedules determine the market clearing price and quantity of a commodity
- Reference Mankiw, Chapter #4 for the above topics.

Lab #14

- Develop your ability to calculate and interpret elasticities (Mankiw, Chapter #5)
- Economic costs of production are introduced and students will make applied use of the profit maximizing output rule, and profit maximizing input utilization rule. (Mankiw, Chapter #13)

Lab #15

- Calculation of annual ownership and operating costs will be reviewed, and students will use these costs to make purchase or lease decisions for machinery and equipment utilizing break-even analysis.

Rx for Success in ARE 012

Go to every class and lab

Read the assignments

Highlight critical information in the reading assignment

Outline the reading assignment

Take excellent notes during lecture and lab

Review your notes from lecture and lab the same evening

Rewrite your lecture and lab notes the same evening

Note what you still do not understand, call the instructor or ask the instructor at the beginning of the next class period

Do all your homework yourself and understand what you are doing

Perform a cumulative review of your class notes and reading assignment outlines each night after class

Before major exams, complete the study guide the instructor may provide