

INTRODUCTION TO ECONOMICS II
MICROECONOMICS
(Economics 202)
Spring 2009

Professor F. S. Lee
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Lectures: Monday, Wednesday, 1.00 – 2.15pm, RH 206

Texts: Sherman, H. J., Hunt, E. K., et. al, *Economics: An Introduction to Traditional and Progressive Views*, 7th edition.
F. S. Lee, *Introduction to Neoclassical Microeconomics* (will be distributed as pdf files)
F. S. Lee, *Introduction to Heterodox Microeconomics* (will be distributed as word files)

Assessment: In-Class Exam I cover sections I, II, III, approximately Wednesday, February 11, 2009

In-Class Exam II covers section IV, approximately Wednesday, March 18, 2009
Final Exam cover sections V, VI, Wednesday, May 6, 2009 from 1.00pm to 3.00pm.

Each in-class exam is worth 30% and the final exam is worth 40% of your final grade.

The exams will consist of problems like those found in the problem sets.

The grading scale for the course is the following:

A	100% to 90%	C	71% to 68%
A-	89% to 86%	C-	67% to 65%
B+	85% to 83%	D+	64% to 62%
B	82% to 78%	D	61% to 58%
B-	77% to 75%	D-	57% to 55%
C+	74% to 72%	F	anything less than 55%

Problems: Problems are found at the end of each chapter of Sherman and Hunt and Lee *Introduction to Neoclassical Microeconomics* and *Introduction to Heterodox Microeconomics*. You should work at answering some or many from each chapter.

Course Description: Introduction to Economics II introduces the student to a critical understanding of how markets work under capitalism. The course introduces the student to history of capitalism and then the history of economic thinking about capitalism. With this background, the student is introduced to neoclassical and heterodox explanations of how markets work. This will involve material on methodology, production and costs, demand, the business enterprise, price determination, competition, and the distribution of income.

"This link will direct you to essential information regarding university

policies, rules, and resources <http://cas.umkc.edu/student-resources.asp> "

Please take 60 seconds to copy and paste the above into your syllabi as soon as possible.

LECTURES AND READING OUTLINE

I. What is Economics and Why Study It

1. Sherman and Hunt, ch. 1.
2. Lee, *Neoclassical*, pp. 3-5.

II. Economics of History

A. Long Road to Capitalism

1. Sherman and Hunt, chs. 2-4.

B. Emergence of Capitalism in Britain and the United States to 1900

1. Sherman and Hunt, chs. 5-7, 11.
2. "The Workhouse," **optional reading**
3. "Growth of the Business Enterprise and the Control of Markets in Great Britain, 1700 – 1914," **optional reading**
4. "American Economic History, 1870-1940," **optional reading**
5. Jones, S. "Price Associations and Competition in the British Pin Industry, 1814-40," **optional reading**

C. United States Corporate Capitalism in the Twentieth Century

1. Sherman and Hunt, chs. 14, 16.
2. "American Economic History, 1870-1940," **optional reading**

III. History of Economic Thinking about Capitalism

A. Defense of Capitalism, 1700s to the 1870s

1. Sherman and Hunt, ch. 8.
2. "Classical Political Economy," **optional reading**

B. Socialist Critiques of Capitalism in the Nineteenth Century

1. Sherman and Hunt, chs. 9-10.
2. "Socialist Critiques of Capitalism in the 19th Century," **optional reading**
3. "Senex's Letters on Associated Labour and *The Pioneer*, 1834: a syndicalist political economy in the making," **optional reading**

- C. Economic Theory Since 1900: Defenders and Critiques of Corporate Capitalism
 - 1. Sherman and Hunt, chs. 12, 13, 15
 - 2. “The Rise to Dominance of Neoclassical Economics,” **optional reading**
 - 3. “Heterodox Economics in the United States,” **optional reading**

- IV. How Markets Work Under Capitalism: Neoclassical Microeconomics.
 - A. Neoclassical Microeconomics and its methodology
 - 1. Sherman and Hunt, chs. 17, 26, 27 pp. 302-306.
 - 2. Lee, *Neoclassical*, pp. 5-13.
 - 3. Hymer, S., “Robinson Crusoe and the Secret of Primitive Accumulation,” **optional reading**

 - B. Consumer Behavior and the Demand Curve
 - 1. Sherman and Hunt, ch. 27 pp. 317-330, ch. 28.
 - 2. Lee, *Neoclassical*, ch. 2.

 - C. Production and Costs
 - 1. Sherman and Hunt, chs. 29-30.
 - 2. Lee, *Neoclassical*, ch. 3.

 - D. Supply Curve and Perfect Competition
 - 1. Sherman and Hunt, ch. 27 pp. 309-316, ch. 32.
 - 2. Lee, *Neoclassical*, ch. 4.

 - E. Firm, Market Structure, and Prices
 - 1. Sherman and Hunt, chs. 33-34.
 - 2. Lee, *Neoclassical*, ch. 5.

- V. How Markets Work Under Capitalism: Heterodox Microeconomics
 - A. Heterodox Microeconomics and its Methodology
 - 1. Lee, *Heterodox*, ch. 1.

 - B. Business Enterprise: Production, Costs, and Pricing
 - 1. Lee, *Heterodox*, chs. 3-5.

C. Market Demand

1. Lee, *Heterodox*, ch. 2.

D. Prices, Output, and Markets

1. Lee, *Heterodox*, chs. 1, 6.

VI. Working Markets in American Capitalism

A. Wages and the Distribution of Income

1. Sherman and Hunt, chs. 18, 19, 31.
2. Lee, *Neoclassical*, ch. 6.
3. Lee, *Heterodox*, ch. 1.

B. Controlling Markets

1. Sherman and Hunt, ch. 21.
2. Lee, *Heterodox*, ch. 6.

IMPORTANT NOTES

1. Policy for Making Up In-Class Exams: Make ups for in-class exams will be given only to those individuals who have a valid excuse—that is one that I will accept.
2. Final Exam: Students who miss the final exam due to illness or to a University-sanctioned event must call me at my office prior to the exam--otherwise, the exam score will be a zero. If you are too sick to take the final exam, I require a copy of the receipt from your doctor's visit (dated the day of the final exam). If you miss the final exam, I reserve the right to increase the level of difficulty of the make-up final exam, given that you would have had extra time to study for the exam. Thus, I do not recommend missing the final exam.
3. Incompletes: An incomplete can only be obtained if the student has attended the lectures and has taken all but the final exam.
4. Policy for Dropping the Course: See UMKC Bulletin.
5. For some of you, this may be your first economics class. Economics is a lot like math--today's topic builds on yesterday's topic. Please ask questions as they arise--if you are confused about today's topic, chances are you will be even more confused about tomorrow's topic. Get your questions answered on a weekly basis. Do not let your confusion build until the day before the exam.