Economics 119 is an applications course for introductory and, to a lesser extent, intermediate micro economics. Topics covered in the course are taken from the fields of labor and public economics. Particular emphasis will be placed on the application of economic analysis to various social issues, e.g., discrimination, the value of saving a life, and environmental concerns.

**Office Hours** After class Tuesday and Thursday.

**Required Texts**


Readings Packet Available at Kinkos

**Grading and Papers**

Grades in this course will be based on 2 inter-term reports, a term paper, and attendance. The inter-term reports are to discuss one of several prespecified economics articles and to provide the student's own interpretation of the issue using the tools developed in class. These five-page reports comprise 20 percent of the course mark and are due July 19 and 29. The term paper is to cast one of several current social issues presented in symposia contained in the *Journal of Economic Perspectives* into the dichotomy developed in *A Conflict of Visions* and to describe a normative economic proscription for this conflict. The ten-page term paper comprises 35 percent of the course grade and is due August 9. Late papers will be penalized 10 percentage points for each day late. Further details regarding the papers will be provided in class. The remaining 25 percent of your grade is based on attendance; one percent for each of the 24 days in the term and an additional point for those students with perfect attendance. This attendance policy is adopted because class participation is an important aspect of the course. Final grades will be based on a standard 70-80-90 scale with the additional condition that the student must turn in each of the three papers and attend 20 of the 24 classes to pass the course.

**Course Outline**

1. A Quick and Dirty Review: Demand and Supply Analysis, Consumer Theory, and Theory of the Firm
2. Labor Supply: Income and Substitution Effects
   - Applications: (1) why welfare recipients appear "lazy"
   - (2) why big-city people are in a hurry
   - (3) school - should I stay or should I go?
3. Labor Demand: The Value of Marginal Product
   - Applications: (1) employer discrimination: why women are over-worked, under-paid, and over-qualified
   - (2) on-the-job training: who pays and who plays
   - (3) education may be just a signal
   - (4) baseball managers and team success
4. Labor Markets: Perfect and Imperfect Competition
   - Applications: (1) the black plague isn't all bad
   - (2) the minimum wage isn't all good
the comparable worth of comparable worth
the Cob-Web Model - round & round we go
unions: higher wages and better jobs?
the "reserve clause" in baseball
market power and apartheid
strategic behavior and black participation in major league baseball

Compensating Differentials
Applications: (1) mama don’t let your babies grow-up to be test pilots
(2) live and let die: how much am I willing to pay to survive another day at work

Discrimination: Customer and Statistical
Applications: (1) voter discrimination
(2) mens vs. womens tennis: Bobby Riggs really beat Billy-Jean King
(3) black coaches in Major-League Baseball
(4) lower wages for women are minorities may be a statistical

Positive and Negative Externalities
Applications: (1) how many tacos is enough?
(2) pollution - the cure is a taxing situation
(3) why the 3 rules in real estate are location, location, location
(4) monopoly and a second-best solution: two wrongs make a right
(5) the Coase Theorem and smoking on airplanes

Public vs. Private Goods
Applications: (1) easyriders: why you dislike your roommates

Voting and Group Decision Making
Applications: (1) the median voter: why it’s best to be middle-of-the-road
(2) intransitive voting: a voter’s prerogative
(3) logrolling: politics makes strange bedfellows
(4) a prisoners dilemma: how well do you know your friends

Welfare and Economics
Applications: (1) equity vs. efficiency
(2) the provision of public education
(3) food stamps: why a dollar is worth 50 cents
(4) pay-as-you-go: why social security is broke

Regulation
Applications: (1) pollution rights and the rights of polluters
(2) natural monopoly: the post office vs. AT&T

The Economics of Opinions