



MICROECONOMICS ONLINE

Online version of ECO 304K debuts with enrollment of 250.

During the Spring 2015 semester, the Department debuted an online version of its popular Introduction to Microeconomics (ECO 304K) course. The course, with its enrollment of 250 students, was taught by Senior Lecturer Stephanie Houghton with the assistance of production staff from the Liberal Arts Instructional Technology Services.

While a lot of media attention has focused on MOOCs (massive open online courses), this course instead took the form of a SMOC (synchronous massive online course, pronounced “smock”) since students were expected to watch the class live and to engage in learning activities in real time. The classroom studio also had seating for 20 students, randomly selected each week, allowing for in-person interaction.

During the live lectures, students answered periodic quiz questions and practice problems online. “The immediate feedback allowed me to quickly focus on problem areas and clear up confusion,” Dr. Houghton said. “Students also were able to use a chat room to direct questions to me or to my teaching assistants. Someone who might not have felt comfortable speaking up in a large lecture hall could quickly ask for clarification, and I could steer the lectures accordingly.” The lecture videos remained available to students throughout the semester so that they could review any material online, or they could attend in-person office hours just as with a traditional class.

While the popular press has focused on the reduced costs associated with MOOCs, the real motivation for offering a SMOC is to improve the educational experience of the students. “We do not dramatically reduce costs with an online course due to the need for technical support staff and instructional staff,” said Department Chair Jason Abrevaya. “Proper assessment of students requires substantial resources, but the online course offers exciting options for active learning and real-time assessment that are difficult to replicate in a large lecture.”

“This new format allows me to try out things I wouldn’t have done in a traditional lecture hall,” Dr. Houghton added. The course incorporated a number of economic experiments, as well as Skype interviews from researchers and department alumni. “Students seemed to enjoy these interactive parts of the course the most, so I’m looking forward to expanding those in future semesters.”

In the meantime, Dr. Houghton is studying the performance of students in the online course relative

Photo courtesy of Liberal Arts ITS

Photo courtesy of Marsha Miller

Professor Houghton was extremely helpful and even though it was an online class, there were so many course resources that I could learn and practice from—plus in person office hours and review sessions. I thoroughly enjoyed this course.”

to those she taught during the previous semester in a more traditional lecture hall format. “I’m still analyzing the data, but initial results show the students performing just as well on the exams, even slightly better on the final.” End-of-semester feedback from the students was mixed: some preferred the online course and enjoyed the ability to re-watch taped lectures at their own pace, while others said the format felt distant and wanted more in-person interaction.

The online course will continue to allow students an alternative to the traditional large-lecture format

for introductory microeconomics that has been used by the Department for many years. According to one student, “The online system is great compared to going into a huge classroom and not feeling any closeness to the professor.” The Department expects an enrollment of around 500 students for the Spring 2016 online course, which represents 20% of the 2,500 students that take the course during the academic year. The online course may also be adopted in the future by the University Extension School.

TEST YOUR ECONOMICS APTITUDE

Sample ECO 304K questions

1: You just finished watching an episode of your favorite show on Netflix. The opportunity cost of watching the next episode is

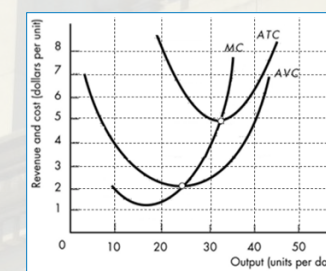
- A)** the price of the monthly Netflix subscription.
- B)** zero. You’ve already paid the subscription so you don’t have to pay any more.
- C)** the value of the alternative use of the time you spend watching the next episode.
- D)** a fraction of the cost of the subscription that depends on how many total shows/movies watched.

2: Empirical studies of labor supply behavior in the United States suggest that the elasticity of labor supply is close to zero and therefore

- A)** most of the payroll tax in the United States is borne by workers.
- B)** most of the payroll tax in the US is borne by employers.

C) most of the payroll tax in the US is borne by consumers in the form of higher prices.

D) the payroll tax is split equally between employers and workers.



3: A profit-maximizing firm is operating in a perfectly competitive market, with cost curves as shown in the figure above. If the market price is \$4, then the firm

- A)** will produce 0 units (shut down) in the short run and will exit in the long run.
- B)** will produce 30 units in both the

short run and the long run.

- C)** will produce 30 units in the short run, but will exit in the long run.
- D)** Will produce about 32 units and charge a price of \$5.

4: Crude oil recently hit a new low of \$50/barrel. Which of the following factors cannot explain this price drop?

- A)** Saudi Arabia has increased its production of oil.
- B)** New technologies used in the US (e.g. fracking) has made new sources of oil available.
- C)** Consumers have switched to hybrid and electric cars.
- D)** The US unemployment rate fell to 5.8%, and as workers found new jobs, their incomes increased.
- E)** All of the above can explain the decline in oil prices

5: Regardless of how many other competitors there are in the market, a firm will maximize its profits by producing

- A)** where price equals marginal cost.
- B)** where marginal revenue equals marginal cost.
- C)** where average revenue equals average cost.
- D)** at the minimum point on the average total cost curve.

6: Mark has two job offers when he graduates from college. Mark views the offers as identical, except for the salary terms. The first offer is at a fixed annual salary of \$50,000. The second offer is at a fixed salary of \$20,000 plus a possible bonus of \$60,000. Mark believes that he has a 50-50 chance of earning the bonus. He is risk adverse. If Mark takes the offer that maximizes his expected utility, which job offer will he choose?

- A)** Mark will take the first offer.
- B)** Mark will take the second offer.
- C)** Mark is indifferent between the offers—both yield the same expected utility.
- D)** Indeterminate from the given information.

ANSWERS: 1)C 2)A 3)A 4)D 5)B 6)A