Assigning and Testing With WSJ Content

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Introduction

The Wall Street Journal provides unrivaled news and insight across a variety of mediums. See how James A. Dearden, professor of economics at Lehigh University, utilizes the Journal to teach critical course concepts.

Selecting articles to assign

Professors can choose from articles, editorials, columns and opinion pieces to integrate into their classes.

In his economics class, Professor Dearden makes sure the articles he chooses demonstrate good application of the principles and theories his students are taught. Editorials should teach students how to critically evaluate statements about economic policy, columns should have summaries of economics research and opinion pieces should make normative points explaining how things should be in economics.

How to assign articles

Professor Dearden assigns three to five current articles each week for students to read. He does not assign past articles. He only assigns current articles for two reasons:

- To get students into the practice of reading the Journal every week
- Students have been observed to be most interested in learning about current events

In each class, one or two articles are discussed for about five to ten minutes.

Types of assessments to use

Professor Dearden uses the content he assigns to craft three types of questions for his exams:

- General questions about points made in columns
- Questions in which students analyze and explain the economic concept involved in an article
- Economic modeling questions based on the economics involved in an article

Appendix: Sample questions

Professor Dearden uses WSJ articles as the basis for questions testing economic modeling skills.

The Wall Street Journal reported last week that General Mills will increase prices on a quarter of its breakfast cereals next month as a result of rising prices of grain and other commodities. In this problem, you will analyze the perfectly competitive market for 20 oz. boxes of oat cereal and an individual oat cereal producer's decisions.

Before the price increase, suppose the short-run cost function of producing q boxes of cereal is:

$$C_s(q)=F+0.9q+0.05q^2.$$

Note: Each seller has the same cost function.

The market demand function for 20 oz. boxes of oat cereal is:

$$QD=1200-300p.$$

a. What is the short-run marginal cost function of producing oat cereal?

b. What is the minimum of the short-run average variable cost?

c. What is the firm's short-run supply curve?

   Suppose there are 10 sellers of oat cereal. What is the market supply function? (Hint: At price p, if each individual seller supplies ___, then 10 sellers supply ___.)

d. Use the market supply function that you derived in part d and the market demand function to find the equilibrium price and quantity.
   With the price increase of oats, the cost of producing q boxes of cereal is now:

$$C_s(q)=F+1.4q+0.05q^2.$$

e. What is the firm's new short-run supply curve?

f. Suppose there are 10 sellers of oat cereal. What is the new market supply function?

g. Use the market supply function that you derived in part f and the market demand function to find the equilibrium price and quantity.

   Notice that the price increase in oats caused each seller's marginal cost curve to shift up by $0.50 per box. What is the price increase associated with this increase in marginal cost? That is, what is the difference between the price that you derived in part *e* to the one you derived in part *f*? Write a brief essay comparing the increase in marginal cost to the price increase.