

DIVISION OF BUSINESS ADMINISTRATION
FISK UNIVERSITY

Syllabus

ECON230 - PRINCIPLES OF MICROECONOMICS

Fall 1998

Classes: M,W,F 8:00-9:10 am, PJ302

Instructor: Dr. Alfredo Cambrono

Office Hours: M,W 9:30-10:30 am & 1-2:30 pm, or by appointment

Office: PJ 119 - # 329-8573 or 329-8570

Required Text

O'Sullivan, Arthur & Sheffrin, Steven. Economics: Principles and Tools, 1st edition, Prentice Hall, 1998

Recommended Text

Boucher-Breuer, Janice. Study Guide for Economics: Principles and Tools, 1st edition, Prentice Hall, 1998

Course Description:

This course is an introduction to the content and method of microeconomic theory from a practical perspective. It hopes to provide the students with important economic principles and methods that can help them enhance the quality of their personal lives, careers, and future academic endeavors.

Following the textbook's philosophy, this course will be taught "as if it is the last economic course students will take." Among other things, the course will explore the scope and method of economics, the behavior of individual markets, consumer choice, production and cost decisions, markets structures, government intervention, and environmental economics issues.

Video clips and classroom experiments will be used to illustrate key economic issues and to conduct class discussions. Regular attendance and completion of reading assignments is critical to do well in this course.

The adopted textbook has its own Web site (www.prenhall.com/osullivan). Students are strongly encouraged to visit that site and make use of the multiple resources that such site provides; including: chapter overviews, quizzes, news links, interactive study guides, exploration links, etc.

Students will be asked to participate in the Iowa Electronic Market (IEM). This is a new and fast growing market administered by the University of Iowa and used mainly for educational purposes. IEM participant trade contracts related to political and economic events via telnet (information on this market is available in the Web at www.biz.uiowa.edu/iem). The contracts

are real (each student will likely receive a \$5 balance to begin trading) and the gains or losses are for the student to keep. Thus, in addition to learning how trading take place in a realistic setting, students can make a little real money on the side (not bad uh?). Class time will be used to show the students how to start trading.

The course presentation will require the use of tabular and graphical analysis of concepts. Simple algebra and arithmetic operations will be used. Students are urged to review their mathematics.

Overall Course Objective

ECON230 and ECON240 are intended to provide the students with a basic economic literacy, and to prepare them for further studies in economics, finance, marketing, accounting, management, and the social sciences.

Specific Course Objectives

By the end of the semester, the student is expected to be able to:

1. Explain what is economic theory and how economic theories are developed.
2. State the kind of questions that economics tries to answer.
3. Understand how graphs are used in economics.
4. Explain how prices are determined and how markets operate.
5. Derive demand and supply schedules and curves.
6. Define, calculate and explain elasticities of demand and/or supply.
7. Explain the short-run and long-run effects of a change in supply/demand on price and quantity traded.
8. Explain what determines a firm's profitability.
9. Explain the relationship between a firm's output and its costs.
10. Define and derive a firm's short and long-run cost curves.
11. Explain why some firms operate with excess capacity and others over-utilize their plants.
12. Define perfect competition and explain why a perfectly competitive firm cannot influence the market price.
13. Explain how a competitive industry's output changes when price changes.
14. Predict the effects on a typical industry of a change in demand and of a technological advance.
15. Explain why perfect competition is likely to be efficient.
16. Define monopoly and explain the condition under which monopoly arises.
17. Explain how a monopoly determines its price and output.
18. Understand the basic difference and implications among competitive, oligopolistic, and monopolistic industries.
19. Understand the differences between private and public goods.
20. Explain what is an externality and its effect on consumers or producers.
21. Understand some of the principles that guide government regulation of the markets.
22. Understand basic issues related to environmental sustainability.

Course Outline

- I. Introduction to Basic Ideas
 1. What is Economics?, Ch. 1
 2. Key Principles in Economics, Ch. 2
 3. Markets and Government in the Global Economy, Ch. 3
 4. Supply, Demand, and Market Equilibrium, Ch. 4

- II. The Supply and Demand: A closer look
 1. Price Elasticity, Ch. 5
 2. Government Intervention in Markets, Ch. 6
 3. Consumer Choice, Ch. 7

- III. Market Structure and the Price System
 1. Short and Long-Run Cost Curves, Ch. 8
 2. Perfect Competition in the Short Run, Ch. 9
 3. Monopoly and Price Discrimination, Ch. 11
 4. The Natural Monopoly and Monopolistic Competition, Ch. 12
 5. Oligopoly and Antitrust Policy, Ch. 13

- IV. Market "Imperfections"
 1. Public Goods, Taxes, and Public Choice, Ch. 14
 2. Environmental Problems and Public Policy, Ch. 15
 3. Antitrust and Regulation, Ch. 15

Expected Course Outcomes

The completion of this course will not make the student an economist, but it will provide the student with adequate economic literacy and workable knowledge of economics with the potential for building thereon.

At the completion of this course, the student should be able to explain the consumption behavior of individuals and single-family households as it relates to demand schedules, allocation of income, and the expected response to variations in prices on demand and on product substitution.

The student should also be able to explain how an individual business firm allocates its scarce resources; how it prices goods and services; how it reacts to various types of competitive pressures; various types of market environments and their ramification on it.

Finally, this course will provide the student with a basic understanding of different market structures as well as the role and implications of government regulation and taxation on individual markets.

Examinations

There will be quizzes, assignments, a mid-term and a final exam. Homework will be assigned throughout the semester and will have a due date. Failure to complete the assigned work by the due date will result in reduction of points.

Grade Distribution

96 – 100	A+	86 – 88	B+	75 – 77	C+	64 – 66	D+	54 or <	E
92 - 95	A	81 - 85	B	70 - 74	C	59 - 63	D		
89 - 91	A-	78 - 80	B-	67 - 69	C-	55 - 58	D-		

Final Course grade will be a weighted average of examinations, class participation, and homework grades as follows:

Assignments	10%
Class Participation	10%
Quizzes	20%
Mid-term	30%
Final	30%

Attendance Policy

Attendance is strongly encouraged and it is required in order to do well in this course. Students who miss more than twenty percent of the scheduled class meetings (9 sessions or more), no matter how compelling the students' reasons for absence, will receive a failing grade.

Tardiness will not be tolerated. Students arriving after ten minutes from the scheduled time will forfeit their attendance for that class period. Furthermore, quizzes are likely to be schedule for the beginning of the class period in order to provide additional incentives for being on time.