

**ECONOMICS 1311.001**  
**PRINCIPLES OF MICROECONOMICS**  
**SOUTHERN METHODIST UNIVERSITY**  
**FALL 2011**

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**INTRODUCTION**

This course is an introduction to microeconomic theory and its principles. Microeconomics as a discipline looks at various economic decision-making units, including the individual, household and firm, and their interaction within specific markets. Some of the topics of discussion will include, but are not limited to, opportunity cost, supply and demand, the role of elasticity, consumer behavior and utility-maximization theory, the behavior of profit maximizing firms in various market structures (both input and output), as well as such issues as market failure in terms of externalities and public goods; public choice theory, income distribution and taxation. It is hoped that the student will emerge from the course with a better comprehension of the forces that help determine various behaviors within the market system; an appreciation for the things markets do well, and an understanding as to why they might not always succeed. It is further hoped that the student can apply these principles to both personal and every day economic events.

**LEARNING OBJECTIVES OF THE COURSE**

The following are the outcomes that students should attain from this course:

- Student is able to explain basic concepts in microeconomics
- Read and understand graphical illustrations of various economic relationships
- Articulate the difference between normative and positive economics
- Understand and explain the concept of scarcity in terms of economic decision making
- Learn and apply the concept of supply & demand to various markets
- Differentiate the basic theories of the firm
- Demonstrate an understanding of simple functions (i.e., cost, revenue, utility)
- Evaluate and be able to discuss the role of government in various markets

**READING ASSIGNMENT AND COURSE ADMINISTRATION**

The required textbook for this course is *Microeconomics*, tenth edition, by Roger A. Arnold, as well as the **MICROECONOMICS** workbook. There is also an accompanying study guide, which is optional but recommended. Additionally, there may at times be occasional articles and other outside sources of information, which will be provided to you. The student is expected to stay on top of the material being covered in class; he/she should refer to the syllabus if there are any questions.

The main benefit to the student of the textbook is to supplement the class lectures or assist him/her in doing the workbook assignments. All topics on the exams are things covered in the lectures (an added incentive for class attendance). The course will follow the framework of the textbook, although some topics may be given more attention, while others less.

## **GRADING**

Course grades will be based on the four exams taken throughout the semester including the final. Final grades will be based on the following percentage scale:

<b>A</b>	92-100%	(368-400 points)	<b>C</b>	72-77%	(288-311)
<b>A-</b>	90- 91%	(360-367)	<b>C-</b>	70-71%	(280-287)
<b>B+</b>	88- 89%	(352-359)	<b>D+</b>	68-69%	(272-279)
<b>B</b>	82- 87%	(328-351)	<b>D</b>	62-67%	(248-271)
<b>B-</b>	80- 81%	(320-327)	<b>D-</b>	60-61%	(240-247)
<b>C+</b>	78- 79%	(312-319)	<b>F</b>	< 60%	(239 & < )

In addition to the exams, there will be occasional homework assignments, which will not be a part of the student's formal grade, but rather an opportunity to better prepare the student for the exams. Generally, these assignments will come from the workbook.

*Note: In order to standardize grading across sections and instructors in ECO1310, 1311 and 1312, grades will be assigned such that the class average GPA is typically 2.9 (based on a 4.0 scale).*

## **OFFICE HOURS**

Office hours are by appointment; should a student have questions, or wish to meet outside of class for discussion, he/she should feel free to set up a time in which we can meet.

## **ATTENDANCE**

Class attendance is expected from each student, and a record of attendance will be taken each class period. Although attendance is not a formal part of the student's grade, it is important that the student not miss class, as he/she is responsible for all material covered. Also, since exam dates are not listed on the syllabus (they will be announced ahead of time in class), students are responsible for knowing when the exams are scheduled, and missing class lectures on the days the exam date is announced is not an acceptable excuse for missing an exam. ***Except under unusual circumstances, make up exams are not offered.***

## **CELL PHONES**

All cell phones need to be turned off during class time. Additionally, cell phones will not be allowed as calculators during exams – students should bring a calculator to assist them on the day of an exam. Should a student need a calculator, they will be provided on test day.

## **COURSE READING**

The following is a list of the chapters and topics that will be discussed in class during the semester. The actual dates of the exams will be announced in class in advance of the test (yet another incentive for class attendance).

### **CHAPTER 1 What Economics is About**

- A Definition of Economics
- Key Concepts in Economics
- Ceteris Paribus and Theory
- Economic Categories

**CHAPTER 2    Production Possibilities Frontier Framework**  
The Production Possibilities Frontier  
Specialization and Trade Can Move Us Beyond Our *PPF*

**CHAPTER 3    Supply and Demand Theory**  
What is Demand?  
Supply  
The Market: Putting Supply and Demand Together

**CHAPTER 4    Prices: Free, Controlled and Relative**  
Price Controls

### **EXAM ONE**

**CHAPTER 6    Elasticity**  
Elasticity: Part 1  
Elasticity: Part 2  
Other Elasticity Concepts  
The Relationship Between Taxes and Elasticity

**CHAPTER 7    Consumer Choice: Maximizing Utility and Behavioral Economics**  
Utility Theory  
Consumer Equilibrium and Demand  
Behavioral Economics

**APPENDIX C    Budget Constraint and Indifference Curve Analysis**  
The Budget Constraint  
Indifference Curves  
Constructing an Indifference Curve  
The Indifference Map and the Budget Constraint Come Together  
From Indifference Curves to a Demand Curve

### **EXAM TWO**

**CHAPTER 8    Production and Costs**  
Two Sides to Every Business Firm  
Production  
Costs of Production: Total, Average, Marginal  
Production and Costs in the Long Run

**CHAPTER 9    Perfect Competition**  
The Theory of Perfect Competition  
Perfect Competition in the Short Run  
Perfect Competition in the Long Run

**CHAPTER 10    Monopoly**  
The Theory of Monopoly  
Monopoly Pricing and Output Decisions  
The Case Against Monopoly  
Price Discrimination

## **EXAM THREE**

### **CHAPTER 11 Monopolistic Competition, Oligopoly and Game Theory**

The Theory of Monopolistic Competition  
Oligopoly Assumptions and Real World Behavior  
Price and Output Under the Cartel Theory  
Game Theory, Oligopoly and Contestable Markets

### **CHAPTER 13 Factor Markets: With Emphasis on the Labor Market**

Factor Markets  
The Labor Market

### **CHAPTER 15 The Distribution of Income and Poverty**

Some Facts About Income Distribution  
Measuring Income Equality  
Why Income Inequality Exists

### **CHAPTER 17 Market Failure: Externalities, Public Goods and Asymmetric Information**

Externalities  
Public Goods: Excludable and Nonexcludable  
Asymmetric Information

## **FINAL EXAM**

### **MISCELLANEOUS SEMESTER DATES**

<b>August 22</b>	First class day
<b>September 5</b>	Labor Day
<b>October 10-11</b>	Fall Break
<b>November 4</b>	Last day to drop a course
<b>November 18</b>	Core Exam
<b>November 23</b>	"No class" day
<b>November 24-25</b>	Thanksgiving Holiday
<b>December 5</b>	Last day of instruction
<b>December 9</b>	Final exam (3:00-6:00)

### **DISABILITY ACCOMMODATIONS**

Students needing academic accommodations for a disability must first contact Ms. Rebecca Marin, Coordinator, Services for Students with Disabilities (214-768-4557) to verify the disability and establish eligibility for accommodations. They should then schedule an appointment with the professor to make appropriate arrangements. (See University Policy No. 2.4)

### **RELIGIOUS OBSERVANCE**

Religiously observant students wishing to be absent on holidays that require missing class should notify their professors in writing at the beginning of the semester, and should discuss with them, in advance, acceptable ways of making up any work missed because of the absence. (See University Policy No. 1.9)

### **EXCUSED ABSENCES FOR UNIVERSITY EXTRACURRICULAR ACTIVITIES**

Students participating in an officially sanctioned, scheduled University extracurricular activity should be given the opportunity to make up class assignments or other graded

assignments missed as a result of their participation. It is the responsibility of the student to make arrangements with the instructor prior to any missed scheduled examination or other missed assignments for making up the work. (See the University Undergraduate Catalogue.)

### **THE HONOR CODE**

Intellectual integrity and academic honesty are fundamental to the processes of learning and of evaluating academic performance, and maintaining them is the responsibility of all members of an educational institution. The inculcation of personal standards of honesty and integrity is a goal of education in all the disciplines of the University.

Students must share the responsibility for creating and maintaining an atmosphere of honesty and integrity. Students should be aware that personal experience in completing assigned work is essential to learning. Permitting others to prepare their work, using published or unpublished summaries as a substitute for studying required materials, or giving or receiving unauthorized assistance in the preparation of work to be submitted are directly contrary to the honest process of learning. Students who are aware that others in a course are cheating or otherwise acting dishonestly have the responsibility to inform the professor and/or bring an accusation to the Honor Council.

***Note: I reserve the right to modify this syllabus, should the need arise. Should any changes occur, the student will be made aware of them.***