

**ECON 2106 – Principles of Microeconomics
Fall 2008 Course Outline**

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Course Overview

1. General Content

This course introduces the student to the principles of microeconomics. The subject matter to be covered during the semester includes: the foundations of the price system; supply and demand; the essentials of production analysis; consumer theory; an analysis of competitive and imperfect market structures, efficient resource allocation; and, in general, an overview of the decision-making environment facing consumers, producers, and institutions that make up the market. Upon successful completion of the course the student will have a better understanding of how a market economy operates and the ways in which imperfect markets hinder the efficient allocation of resources. An understanding of the operation of markets is essential for every informed individual. This is especially true since the fall of Communism and state controlled economies in Eastern Europe and the former Soviet Union. The nations of the world now attempt to structure their economic systems after the perfectly competitive market model. Exploring the workings of this model and its real world alternatives are the objectives of this course.

2. Specific Objectives

Upon completion of the course the student will:

- have a concrete understanding of the underpinnings of a free market economy.
- recognize the efficiency and equity implications of alternative market structures.
- be able to analyze the incidence of market failure and understand the economic justification for public intervention.
- critically evaluate factor markets and assess outcomes given discriminatory practices.

3. What the student is assumed to know upon entering the course.

The prerequisite for this course is ECON 2105 or the permission of the instructor.

4. What ECON 2106 will provide the student.

The course will offer the student an entry into the elegance of microeconomic theory, its comprehensiveness, flexibility, and parsimony.

5. Textbook

The required textbook is N. Gregory Mankiw, *Principles of Economics*, Third edition, Thomson-Southwestern.

The required supplementary text is R.L. Miller, D.K. Benjamin, and D.C. North. *The Economics of Public Issues*, 15th edition, Addison Wesley, 2005. Selected readings have been assigned to correspond to relevant subject matter that we will be covering in Mankiw. You will be responsible for assigned material in both Mankiw and Miller et al.

Further, your understanding of the course material and enjoyment of the subject matter of economics will be enhanced by your own independent reading of such on-line material as: *The New York Times* (nytimes.com), *Business Week* (businessweek.com), *The Economist* (economist.com), and *The International Herald Tribune* (iht.com).

6. Course Content

I. The Elasticity of Supply and Demand: How Markets Work

- A. Elasticity and its Application
- B. Supply, Demand, and Government Policies

References: Mankiw, chapter 5, 6.

Miller et al. Readings 8, 9, 13

II. Supply and Demand: Markets and Welfare

- A. Consumers, Producers, and the Efficiency of Markets

Reference: Mankiw, chapter 7.

Miller et al. Reading 5, 6, 7, 10

III. The Economics of the Public Sector

- A. Externalities
- B. Public Goods and Common Resources

References: Mankiw, chapter 10, 11.

Miller et al. Readings 24, 25, 26, 27, 28

IV. Consumer Theory

- A. The Theory of Consumer Choice

Reference: Mankiw, chapter 21.

Miller et al. Reading 20, 21, 23

V. Firm Behavior and the Organization of Industry

- A. The Costs of Production

Reference: Mankiw, chapter 13.

Miller et al. Reading 15

VI. Market Structure

- A. Firms in Competitive Markets
- B. Monopoly
- C. Oligopoly
- D. Monopolistic Competition

References: Mankiw, chapter 14, 15, 16, 17.

Miller et al. Reading 16, 17, 18, 19

VII. The Economics of Labor Markets

- A. The Markets for the Factors of Production
- B. Earnings and Discrimination
- C. Income Inequality and Poverty
- D. Frontiers of Microeconomics

References: Mankiw, chapter 18, 19, 20, 22.

7. Assessment

A. Components

I. Continuous Assessment:

Problem Sets	20%
3 Examinations	60%

II. Final Examination: 20%

Problem Sets: Problem sets will be assigned beginning week two. The problem sets will consist of a series of twenty five multiple choice and true-false questions available on-line at my website <itc.gsw.edu/faculty/pszmedra>.

You will answer the questions and **submit to me only the answer sheet**. Problem sets are due by Friday 6PM of the week they are assigned. **You may work together on problem sets. The maximum number of students working together in a problem set study group is three.** Hand in one answer sheet with all group member names on that one sheet. Everyone in the group receives the same score.

A problem set will be assigned every week of the semester except those weeks in which an exam is scheduled. You will do about eleven or twelve problem sets during the course of the semester. Problem sets can be done and submitted to me at anytime during the week they are assigned up until 6PM Friday. **I won't accept** problem sets after 6PM Friday. **No exceptions!**

Examinations: The three examinations will be objective and will occur approximately once every five weeks. I will provide at least two weeks notice of an upcoming exam. The **only legitimate** reason for failing to appear at an examination is illness. **I will allow you to take a makeup exam only after presenting to me a medical doctor's excuse** explaining your illness or the illness of someone in your immediate family. I **will not** give a makeup exam under **any other** circumstance.

Class Participation: I strongly encourage you to initiate and participate in class discussion. Macroeconomics is topical, it

is interesting, and it is important to your intellectual development as an informed citizen. Class participation will affect your final grade at the margin. What exactly does that mean? It means that if you are borderline at the final grading, I will grade up if you have actively participated in class discussion. The overall mark for the course is the aggregate of the assessment elements.

Attendance: Lecture attendance is strongly recommended but not required. This isn't high school. However, I can advise you that there is a strong correlation between class attendance and overall performance. I realize that university students lead amazingly complicated lives. Nevertheless I encourage you to attend lectures. When absence is excessive on any particular day, those students that do attend will be rewarded with extra credit that will be recorded in their problem set score file. Come to class!

Rules of Conduct: Please read what follows very carefully. If you feel you cannot comply with these rules of conduct throughout the entire semester then **I advise you to drop the course.**

1. If you arrive to class fifteen minutes after the class is scheduled to begin **do not enter the classroom!!** Entering the class late disrupts both me and your fellow students.
2. When you arrive in class your mobile phone will be switched off including the "vibration" mode if your phone has one.
3. Once you arrive in class you will remain in the class until dismissed at the end of class. There are no "smoking breaks", "mobile phone breaks" or any other type of breaks in class. Attend to your toilet issues before class as I will. If you become ill during class you may leave the class with all of your school materials and go directly to the Health Center.
4. Finally, I do not tolerate students sleeping in class, students having their head down on their desks, or any other type of inattentive or disruptive behaviour. If I see you sleeping I will clap my hands to wake you. I will repeat my clapping if I see your eyes closed a second time. If you doze off a third time I will ask you to leave the classroom and find a more comfortable place to doze than GSW student seating.

Academic Honesty: All students are expected to abide by the honesty and integrity standards set by the university. Any type of dishonest behaviour will be dealt with severely. The consequences of cheating on an examination, or plagiarism while completing a written assignment will be felt both at the class level through grade penalties and at the university level through disciplinary action. Specifically, **one** cheating infraction will cause you to receive an F in the course and your case forwarded to the university administration for disciplinary action. **Do not cheat!**

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Fall Semester 2008