



TROY UNIVERSITY
SORRELL COLLEGE OF BUSINESS

Principles of Microeconomics

ECO 2252-TDWA

Fall 2011

MWF 10:00 – 10:50 am

Bibb Graves 211

Instructor: Dr. George R. Crowley
Office Location: Bibb Graves 137C
Office Hours: Tuesday, Thursday 10:00 am–12:00 pm; 2:00 pm–3:00 pm (and by appointment)
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Prerequisites: None. A familiarity with basic graph interpretation will prove helpful, however.

Course Description: Microeconomic theories of value, production, distribution of income, and basic international economic analysis.

Student Learning Outcomes: On completion of the course, the student should be able to:

1. Understand and explain scarcity, opportunity cost, and choice.
2. Describe the methodological approach of economics.
3. Use elementary consumer behavior theory to explain the role of prices and markets in a capitalistic economic system.
4. Demonstrate the mechanics of price and output determination in a market setting, including the concept of elasticity.
5. Demonstrate the effects of price ceilings, price floors, and excise taxes on market prices and quantities.
6. Explain and use basic concepts of production and costs.
7. Explain, characterize, and predict firm behavior in each of the four market structures: pure/perfect competition, monopoly, oligopoly, and monopolistic competition.
8. Distinguish among the sources of market failure in a market economy, and explain the role and limits of government in correcting market failure.
9. Explain marginal resource productivity and how it relates to the firm's demand for resources.
10. Explain the principles of comparative advantage and gains from trade.
11. Analyze the effects of tariffs and quotas on market prices and quantities.

Purpose: To provide familiarity with the basic microeconomic theories and principles that apply to everyday life. Included are such concepts as consumer behavior, the theory of the firm, and fundamental international analysis. Prerequisite for admission into upper-level business courses. A choice of ECO 2251 or ECO 2252 is required for the ASB Business Administration minor.

Required Text: McConnell, Brue, and Flynn. *Microeconomics*, 2010.

Supplements: Additional readings, practice questions, etc. will be posted on Blackboard as deemed appropriate.

Grading Policy: All students will be graded on the basis of four exams (three midterm exams and a cumulative final), in-class pop quizzes, and homework assignments. The assignment weighting scheme, overall grading scale, and descriptions of each assignment type are detailed below.

Assignment Weights	
Exam 1	20%
Exam 2	20%
Exam 3	20%
Final Exam	25%
Homework/Quizzes	15%

Grading Scale	
A	89.5-100%
B	79.5-89.49%
C	69.5-79.49%
D	59.5-69.49%
F	0-59.49%

THESE GRADING POLICIES ARE FINAL AND NONNEGOTIABLE.

- A. Midterm Exams:** Over the course of the semester, students will sit for three midterm exams. Each exam will count 20% towards the student's final grade for the course. The exams will be made up of both multiple choice and short answer questions. **All** material covered in class or in the assigned reading (since the previous exam, if applicable) is 'fair game,' though the professor will give a complete list of chapters covered by each exam at least one week prior to the test.

It is each student's responsibility to be in class, on time, with the appropriate materials on exam days. Late arrival to an exam is **not** sufficient cause for extra time.

No make-up exams will be given. If a student must be absent during an exam, it is his or her responsibility to inform the professor so that arrangements may be made to sit for the exam *early*. If a student misses an exam due to an extraordinary, unforeseen circumstance beyond his or her control, the final exam grade will be used in place of the missed exam grade when calculating the final course average.

Exam 1 is tentatively scheduled for Monday, 9/26.

Exam 2 is tentatively scheduled for Monday, 10/31.

Exam 3 is tentatively scheduled for Friday, 12/2.

- B. Homework/Quizzes:** During the semester, several in-class pop quizzes will be given. These quizzes will be unannounced, and may be given at any time on any non-exam day. The quizzes may cover any topic discussed during the previous lecture and/or in the assigned reading. No make-up quizzes will be given. If you are not in class at the time the quiz is given, you will receive a zero. Your lowest two (2) quiz grades will be dropped.

Additionally, homework assignments will be given periodically. These assignments will typically be submitted via Blackboard. Late homework assignments will not be accepted, and no make-up assignments will be given. Quizzes and homework assignments will combine to account for 15% of the student's final course grade.

Two assignments will involve attendance at lectures given by John Allison (BB&T) and Dr. Bob Lawson (SMU). Both lectures will be held on the Troy campus.

John Allison's lecture will be held on Thursday, 9/29 at 6:00 pm.

Bob Lawson's lecture will be held on Thursday, 10/27 at 6:00 pm.

- C. Final Exam:** All students who take this course must take a timed, proctored, comprehensive, closed-book/closed notes formative exam which will be taken in Blackboard during the final examination period. The exam must be worth 25% of the points of the course and the exam results may not be scaled. This exam will be administered online in Blackboard. All students, regardless of course format (online, lecture, or hybrid) will be registered in a separate course in Blackboard where this exam is accessed. Instructors will not have access to this course, nor will they be allowed to preview the questions. The exam will cover all of the learning objectives listed in this syllabus. These topics must be covered by all instructors at the minimum in their courses. The exam will be two hours in length and must be completed in one sitting. Students who exceed the time limit will have points deducted from their exam at the rate of 5% per minute.

This is a Troy University/Sorrell College of Business policy, and the professor has no control over the specific questions asked on this formative exam. Further details concerning the final exam will be discussed later in the semester.

The Final Exam is scheduled for Monday, 12/12 2:00-4:00 pm.

- D. Extra Credit:** In general, no extra credit will be given. If an extra credit opportunity is extended, however, it will be extended equally to all students. In other words, a student should not expect to receive a unique extra credit opportunity, regardless of circumstance.

Attendance Policy: Attendance is not required, but is strongly encouraged. In-class examples are likely key to your full understanding of the material. Further, pop quizzes (which account for a substantial part of your course grade) will be given and cannot be made up if you choose to miss class. Note that your two lowest quiz grades are dropped, effectively giving you two 'free' absences. Finally, students are responsible for submitting homework assignments on time, regardless of whether or not they were present in class when the assignment was given. If you

do choose to miss class, you are expected to get any notes from a classmate. No lecture notes will be provided by the professor.

Class Procedure: The method of delivery will be lecture. Students are encouraged to participate in the lecture and will be asked questions frequently. Students are also expected to have completed the assigned reading *before* the associated chapter is covered in class so that any questions can be addressed during the appropriate lecture.

The use of cell phones and other electronic devices (with the exception of those used for note-taking) is not allowed during class.

Academic Dishonesty: Cheating or plagiarism, of any type, will not be tolerated. If you are caught (and rest assured you will be caught) cheating on an exam, quiz, or any other assignment, you will receive a 'zero' for the assignment *at a minimum* and likely an 'F' for the course.

Additional Services: AMERICANS WITH DISABILITIES ACT: Troy University supports Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990, which insure that postsecondary students with disabilities have equal access to all academic programs, physical access to all buildings, facilities and events, and are not discriminated against on the basis of disability. Eligible students, with appropriate documentation, will be provided equal opportunity to demonstrate their academic skills and potential through the provision of academic adaptations and reasonable accommodations. Students with disabilities, or those who suspect they have a disability, must register with the Disability Services Coordinator in order to receive accommodations. Students currently registered with the Disability Services Office are required to present their Disability Services Accommodation Letter to each faculty member at the beginning of each term. If you have any questions, contact the Office of Adaptive Needs Program (Eldridge Hall), or call 670-3220/3221.

Tentative Course Schedule: This is a general schedule of the order in which specific chapters/topics will be covered, as well as when exams will be given. Important dates are in **bold**. You should use this to guide your reading; be prepared to discuss the material during the relevant lecture. All chapter numbers refer to the custom Troy text available in the bookstore. The specific dates are likely to change, but not by much. The professor reserves the right to modify the material covered, the order in which it is covered, and the dates on which exams will be given—any changes will be announced in class.

Week 1 (8/17-8/19)

Limits, Alternatives, Choices (Chapter 1)

First day of class Wednesday 8/17

Week 2 (8/22-8/26)

Limits, Alternatives, Choices (Chapter 1)

The Market System and the Circular Flow (Chapter 2)

Last day to drop Monday 8/22

Week 3 (8/29-9/2)

The Market System and the Circular Flow (Chapter 2)

Demand, Supply, and Market Equilibrium (Chapter 3)

Week 4 (9/5-9/9)

Demand, Supply, and Market Equilibrium (Chapter 3)

Labor Day holiday (no class) Monday 9/5

Week 5 (9/12-9/16)

Demand, Supply, and Market Equilibrium (Chapter 3)

Elasticity, Consumer Surplus, and Producer Surplus (Chapter 6)

Week 6 (9/19-9/23)

Elasticity, Consumer Surplus, and Producer Surplus (Chapter 6)

Consumer Behavior (Chapter 7)

Week 7 (9/26-9/30)

Exam 1 Monday, 9/26

The US Economy: Private and Public Sectors (portions of Chapter 4 dealing with types of firms)

The Costs of Production (Chapter 8)

John Allison Lecture Thursday, 9/29 6:00 pm

Week 8 (10/3-10/7)

The Costs of Production (Chapter 8)

Pure Competition (Chapter 9)

Week 9 (10/10-10/14)

Pure Competition (Chapter 9)

Monopolistic Competition and Oligopoly (portions of Chapter 11 dealing with Monopolistic Competition)

Week 10 (10/17-10/21)

Monopolistic Competition and Oligopoly (portions of Chapter 11 dealing with Monopolistic Competition)

Pure Monopoly (Chapter 10)

Week 11 (10/24-10/28)

Monopolistic Competition and Oligopoly (portions of Chapter 11 dealing with oligopoly)

The Demand for Resources (Chapter 12)

Bob Lawson Lecture Thursday, 10/27 6:00 pm

Week 12 (10/31-11/4)

Exam 2 Monday, 10/31

The US Economy: Private and Public Sectors (portions of Chapter 4 dealing with income distribution, government role, externalities)

Public Goods, Externalities, and Information Asymmetries (Chapter 14)

Week 13 (11/7-11/11)

Public Goods, Externalities, and Information Asymmetries (Chapter 14)

Public Choice Theory and the Economics of Taxation (Chapter 15)

Veterans' Day holiday (no class) Friday, 11/11

Week 14 (11/14-11/18)

The US in the Global Economy (Chapter 5)

International Trade (Chapter 17)

Week 15 (11/21-11/25)

Fall Break and Thanksgiving holiday (no class) Monday-Friday 11/21-11/25

Week 16 (11/28-12/2)

International Trade (Chapter 17)

Exam 3 Friday, 12/2

Week 17 (12/5)

Review/catch-up

Last day of class Monday 12/5

FINAL EXAM: Monday 12/12, 2:00-4:00 pm

Topics Covered on Formative Final Examination:

The test consists of questions selected at random from pools on each of the learning objectives listed on page 1. Areas included are as follows:

- 1. Understand and explain scarcity, opportunity cost, and choice.**
 - definition and sources of scarcity
 - define and measure opportunity cost
 - differentiate between categories of scarce economic resources
 - understand the production possibilities model and law of increasing opportunity cost

- 2. Describe the methodological approach of economics.**
 - understand nature of the economizing problem
 - differentiate between microeconomics and macroeconomics
 - distinguish positive from normative analysis
 - use marginal analysis to explain decisions

- 3. Use elementary consumer behavior theory to explain the role of prices and markets in a capitalistic economic system.**
 - know the fundamental questions all economies must answer
 - understand the role of markets and prices
 - understand the law of diminishing marginal utility and why it occurs
 - be able to use the utility maximizing rule
 - know the reasons why demand curves slope downward
 - understand and use the concepts of consumer and producer surplus

- 4. Demonstrate the mechanics of price and output determination in a market setting, including the concept of elasticity.**
 - understand the laws of demand and supply
 - know the determinants of demand and supply and how changes in non-price determinants shift the curves and change equilibrium price and quantity
 - differentiate between quantity demanded and demand, quantity supplied and supply
 - understand how market equilibrium is determined: conceptually, graphically and in a table
 - calculate and interpret elasticity using the midpoint formula, i.e., price elasticity of demand and supply, income elasticity, and cross elasticity)
 - understand the determinants of price elasticity of demand
 - understand the role of elasticity in determining total revenue when price changes

- 5. Demonstrate the effects of price ceilings, price floors, and excise taxes on market prices and quantities.**
 - determine the impact of price ceilings and floors on quantity demanded and supplied
 - understand the role of elasticity in determining the efficiency loss of taxes
 - understand how elasticity influences tax incidence (who pays the most)

- 6. Explain and use basic concepts of production and costs.**
 - understand the difference between explicit and implicit cost, as well as accounting and economic profit
 - differentiate between the short and long runs
 - explain and calculate marginal, average, and total product
 - understand the law of diminishing returns and reasons for changes in marginal returns
 - calculate, explain, and understand graphs of total, average, and marginal costs
 - understand economies and diseconomies of scale and their sources

- 7. Explain, characterize, and predict firm behavior in each of the four market structures: pure/perfect competition, monopoly, oligopoly, and monopolistic competition.**
 - recognize market structure based on characteristics
 - use the total and marginal approaches to output and price determination
 - understand the breakpoint and shutdown points
 - determine the profit-maximizing (or loss-minimizing) points in the short and long runs using a graph, a table, or conceptually
 - explain productive and allocative efficiency
 - understand what price discrimination is
 - understand how and why monopolies are regulated

- 8. Distinguish among the sources of market failure in a market economy, and explain the role and limits of government in correcting market failure.**
 - understand the difference between public and private goods
 - understand what positive and negative externalities are and how to correct for each
 - explain the concepts of asymmetric information, the adverse selection problem, and moral hazard

- 9. Explain marginal resource productivity and how it relates to the firm's demand for resources.**
 - understand what marginal revenue product is and how it is calculated
 - know the determinants of resource demand
 - know how one determines the optimal use of resources

- 10. Explain the principles of comparative advantage and gains from trade.**
 - calculate and use comparative advantage to explain specialization in trade
 - understand and calculate the gains from trade
 - differentiate between absolute and comparative advantage
 - discuss the economic basis for trade

- 11. Analyze the effects of tariffs and quotas on market prices and quantities.**
 - understand the difference between a tariff and quota
 - evaluate the economic impact of tariffs and quotas
 - discuss the arguments for and against protectionism

Chapters Included in the Required Custom Textbook

1) Troy Chapter Number	Chapter Title	2) Microeconomics 18th ed. (non-custom) Chapter Number	3) eBook or Economics (18th ed.) Chapter Number
1	Limits, Alternatives, Choices	1	1
2	The Market System and the Circular Flow	2	2
3	Demand, Supply, and Market Equilibrium	3	3
4	The US Economy: Private and Public Sectors	4	4
5	The US in the Global Economy	5	5
6	Elasticity, Consumer Surplus, and Producer Surplus	6	6
7	Consumer Behavior	7	7
8	The Costs of Production	8	8
9	Pure Competition	9	9
10	Pure Monopoly	10	10
11	Monopolistic Competition and Oligopoly	11	11
12	The Demand for Resources	12	12
14	Public Goods, Externalities, and Information Asymmetries	16	16
15	Public Choice Theory & the Economics of Taxation, 6)	17	17
17	International Trade	23	37

Notes:

- 1) Troy's custom edition does not contain all the chapters included in the "full" text or national microeconomics split editions. Chapters have been renumbered as listed.
- 2) If students buy a used, non-custom microeconomics split, these are the corresponding chapter numbers. These chapter numbers are not for the "brief" edition, but for the normal microeconomics split (contains more chapters).
- 3) If students use an ebook (such as what is included in Connect) or buy a used copy of the full economics text (containing both macro and micro), these are the corresponding chapter numbers.