

Principles of Economics Micro

ECO 2023 (10332), Syllabus, Spring 2017

Class Hours: Mo / Wed, 11:00am - 12:15pm 01/09 – 05/06/2017

Class Room: Building 76A, Room 102

Final Exam Date: TBD

Instructor: Dr. Otto Lenhart

Office: Building 53, Room 129

Office Hours: Tuesday and Thursday, 9:00am-12:00pm

E-mail: olenhart@uwf.edu

Textbook: Robert Frank and Ben Bernanke, *Principles of Microeconomics*, Sixth Edition, McGraw (FB)

You are required to sign up to Connect. By registering for the course, you will have access to an electronic version of the textbook. Furthermore, you have the option to purchase a hardcopy at a discounted price.

Course Description:

In this course, we learn the basic concepts and methods of microeconomics – the study of how individuals make decisions and interact in markets, under conditions of perfect and imperfect competition. We also apply these concepts and methods to a range of economic questions and policy issues. One important set of policy issues is whether and how markets may fail and whether, when they fail, government intervention may be needed to correct those failures. Topics covered include demand and supply in competitive markets, market power, game theory, externalities, and asymmetric information.

Course Outline and Readings:

1. Individual Decision Theory. FB, Chapter 1.
 - (a) Choice in a World of Scarcity
 - (b) Applying the Cost-Benefit Principle
 - (c) Important Decision Pitfalls

2. Trade Theory. FB, Chapter 2.

- (a) Exchange and Opportunity Cost
- (b) Comparative Advantage and Production Possibilities

3. Market Competition and Social Efficiency

(a) Basics of Supply and Demand. FB, Chapter 3.

- i. Buyers and Sellers in Markets
- ii. Market Equilibrium
- iii. Predicting Changes in Prices and Quantities

(b) Price Elasticity of Demand and Supply. FB, Chapter 4.

- i. Definitions
- ii. Applications of Price Elasticity
- iii. Determinants of Price Elasticity

FIRST MIDTERM

(c) Demand. FB, Chapter 5.

- i. The Law of Demand
- ii. Translating Wants into Demand
- iii. Applying the Rational Spending Rule
- iv. Individual and Market Demand Curves
- v. Demand and Consumer Surplus

(d) Extension: Demand with some more Math

- i. Total and Marginal Utility Functions with One and Two Goods
- ii. Allocating a Fixed Income Between Two Goods
- iii. Marginal Utility Functions and Indifference Curves
- iv. Rational Spending Rule Revisited
- v. Deriving Optimal Choices

(e) Perfectly Competitive Supply. FB, Chapter 6.

- i. The Importance of Opportunity Cost in Supply
- ii. Individual and Market Supply Curves
- iii. Profit-Maximizing Firms in Perfectly Competitive Markets
- iv. Applying the Theory of Supply
- v. Supply and Producer Surplus

(f) Efficiency and Exchange. FB, Chapter 7.

- i. Market Equilibrium and Efficiency
- ii. The Cost of Preventing Price Adjustments

4. Market Imperfections

1. Monopoly. FB, Chapter 8.

- i. Profit Maximization for the Monopolist
- ii. The Deadweight Loss from Monopoly
- iii. Public Policy toward Monopoly

SECOND MIDTERM (tentative)

5. Games and Strategic Behavior. FB, Chapter 9

- i. Simultaneous-Move Games
 - A. Dominant Strategies
 - B. Nash Equilibrium
 - C. Applications
- ii. Sequential-Move Games
 - A. Credible & Incredible Threats/Promises
 - B. Applications

6. Asymmetric Information. FB, Chapter 11.

7. Externalities. FB, Chapter 10.

If time permits:

8. Labor Markets, Poverty, and Income Distribution. FB, Chapter 12

Course Grading: Your final grade for the course will be based on the following components (with the weight of each component in parentheses):

1. Class-Participation and Assignments on Connect (15%)
2. First Midterm Exam (25%)
3. Second Midterm Exam (25%)
4. Final Exam (35%)

In general, there will be no make-up exams if you miss the test. The only exceptions are official university events, such as athletic games.

Grades:

A 100-93; A- 93-90

B+ 89-87; B 86-84; B- 83-80

C+ 79-77; C 76-74; C- 73-70

D+ 69-67; D 66-64; D- 63-60

F below 60

Class participation requirements:

Part of the requirement is that you attend class. In addition, I will regularly reserve time for us to solve a couple of problems from the book after we completed certain topics or chapters. You must be actively involved in these class problem-solving sessions. The majority of the assignment points is based on the homework assignments on Connect.

Using your cell phones and laptops during class is not allowed. If you have to take an emergency call, please step outside.

Academic Conduct and Plagiarism Statement:

The Student Code of Conduct sets forth the rules, regulations, and expected behavior of students enrolled at the University of West Florida. Violations of any rules, regulations, or behavioral expectations may result in a charge of violating the Student Code of Conduct. It is the student's responsibility to read the Student Code of Conduct and comply with these expectations. The Academic Misconduct Policy (2009) defines various forms of academic misconduct and describes the procedures an instructor should follow when he or she suspects that a student has violated the Academic Misconduct Policy.

Student Disability Resource Center Statement:

The University of West Florida supports an inclusive learning environment for all students. If there are aspects of the instruction or design of this course that hinder your full participation, such as time-limited exams, inaccessible web content, or the use of non-captioned videos and podcasts, reasonable accommodations can be arranged. Prior to receiving accommodations, you must register with the Student Disability Resource Center (SDRC). Appropriate academic accommodations will be determined based on the documented needs of the individual. For information regarding the registration process, e-mail sdrc@uwf.edu or call 850.474.2387.

Veterans Services Statement:

The UWF Military & Veterans Resource Center (MVRC) serves as a leading campus advocate for military and veterans students, working to ensure the needs of these individuals are met through coordinating with multiple university offices and services. The center provides assistance with the following: GI Bill ® education benefits, active duty tuition assistance, out of state fee waiver, tutoring, paper reading, counseling, disability accommodations, coordinating academic advising and referral to state /federal resources and services. The MVRC is located in bldg. 38. For more information on MVRC service, call 474-2550 or visit <http://uwf.edu/militaryveterans>