

College of Business

TENNESSEE STATE UNIVERSITY

Semester: Spring; Year 2013 Course Syllabus

LOCATOR INFORMATION:

Course Name: ECON 2020 Principles of Microeconomics

Credit Hours: 03

Contact Hours: 2.45x16 = 39.2 hours

INSTRUCTOR: Name: Abu Wahid
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Office Hours: MW 11:15 am – 12:15pm at Holland Hall (Room # 117)
MW 12:30- 2:40 pm at AWC (Room # I-405) and by appointment

REQUIRED

Textbook: Economics, by Paul Krugman and Robin Wells, Worth Publishers,
Third Edition, 2013; ISBN# 13: 978-1-4641-0355-1
ISBN# 10: 1-4641-0355-0

Course Rationale Provide understanding of basic microeconomics of markets and the the international economics and use their understanding to critically evaluate public policies.

Course Audience Students desiring an understanding of basic microeconomics, the importance of markets, the international economics and the world economic order.

Course Objectives: Upon completion of the course, the students are expected to have acquired knowledge and methodology of microeconomics and their use in public policy debates. Such knowledge should enhance the students' analytical skills and preparation for more advanced courses in economics and business and (2) provide an understanding of the role that basic concepts such as supply and demand, prices, profits, diminishing returns, market structure and free trade play in a market economy and apply the concepts to public debates that assure an efficient market economy that satisfies consumer wants.

Attendance and attitude in class In accordance with the TSU *Student Handbook 2002-2003*, p. 101, "Regular and punctual class attendance... is expected of each student" and "permission to take make-up examinations will be affected by irregular attendance." Excused absences due to illness must be approved by the office of the vice president for student affairs before presentation to the instructor. Attendance and

tardiness will be checked in each class session. Excessive absences without an approved excuse will be reported for appropriate actions by the University. Refer to the *Handbook* for policies on attendance.

It should be remembered, however, that the above rules are intended to emphasize to the students the importance of regular and continuous attendance. Unnecessary absence *from even one class session* is a waste of student time and effort. Students must do their best to avoid accepting appointments that conflict with classes. Most employers, doctors, and administrators are likely to respect a students' wish not to miss a class. Regardless of the reason for absence, it is the students' responsibility to *promptly* make up for what was missed during her/his absence.

Attitude in class: Students are expected to abstain from any action that may interfere with other students' ability to fully participate in class lecture and unnecessary departure and return during a class session are disruptive and should be avoided. In order to save time in taking class attendance or to observe standard classroom and examination rules, students may be required to change their seats or remain in assigned seats throughout the semester.

- Learning**
1. Students are encouraged to (a) browse Wall Street Journal, Business week, to keep aware of current business developments.
 2. Bring to each class session, including tests, a calculator, a ruler, pencil, and an adequate supply of square-ruled paper for drawing graphs.

- Instructional**
1. Lectures will concentrate on the main topics, on developing required **Methodology:** skills and on the continuity of the subject matter.
 2. Students must read and study the relevant chapters in the textbook as a topic is being discussed in class. Reading assignments are a significant part of each topic covered. Students are responsible for what is covered in the textbook even if it is not specifically discussed in class, unless otherwise omitted by the instructor. Most material must be read again and again for adequate understanding.
 3. Summaries, questions and exercises at the end of each chapter are useful for enhancing and testing understanding. Some will be assigned as homework, but the student will benefit from reading and solving as many exercises as possible.

- Learning**
- Upon completion of the course, the students will be able to:
1. Understand and be able to use the basic tools of economic theory as they relate to microeconomics. This includes the use of graphical techniques and verbal analysis.
 2. Be familiar with the concepts of supply, demand, elasticities, the role of profits in various market structures and application of marginal analysis
 3. Understand and critically evaluate the use of micro economic concepts and other policies designed to achieve efficient economies.

Class Attendance: Attendance is important. Students should plan to attend every class.

Tests and	Four Class Tests:	Each worth 25%
Grading:	Take Home Comprehensive Final Exam (Optional):	Worth 100%
Grading Policy:	D (60-69)	Some understanding of the material, but it is not sufficient for passing.
	C (70-79)	A reasonable degree of understanding of all of all or most of the material.
	B (80-89)	Good and well above average understanding relevant to what can be expected; ability to apply knowledge acquired beyond the examples demonstrated or problems solved in class.
	A (90-100)	Excellent or outstanding performance; thorough, accurate and carefully worded answers; understanding and application of acquired knowledge well beyond average expectations.

All students are capable of reaching the A level. All must aim for that level.

Outline of Topics, Reading Assignments and Expected Learning Competencies

Ch 1 - First Principles

- I. Individual Choice: The Core of Economics
- II. Interaction: How Economies Work

Ch 2 - Economic Models: Trade-Offs and Trade

- I. Model #1: Trade-offs The Production Possibilities Curve
- II. Model #2: Comparative Advantage and the Gains from Trade
- III. Model #3: Transactions: The Circular Flow Diagram
- IV. Using Models
- V. Math Review: Graphs and Variables

Ch 3 - Supply and Demand

- I. Supply and Demand: A model of Competitive Market
- II. The Demand Curve
- III. The Supply Curve
- IV. Supply, Demand and Equilibrium
- V. Changes in Supply and Demand

Ch 4 - Consumer and Producer Surplus

- I. Consumer Surplus and the Demand Curve
- II. Producer Surplus and the Supply Curve
- III. Consumer Surplus, Producer Surplus and Gains from Trade
- IV. A market economy
- V. A Look ahead

Ch 5 - The Market Strikes Back

- I. Why Governments Control Prices
- II. Price Ceilings
- III. Price Floors
- IV. Controlling Quantities
- V. Surprise Parallel: Taxes

Ch 6 - Elasticity

- I. Defining and Measuring Elasticity
- II. Interpreting the Prices Elasticity of Demand
- III. Other Demand Elasticities
- IV. The Price Elasticity of Supply
- V. Using Elasticity: The incidence of an Excise Tax

Ch 7 Taxes

- I. Economies of Taxes
- II. Benefits and costs of taxes
- III. Tax fairness and tax efficiency
- IV. Understanding Tax system
- V. A look ahead

Ch 8 International Trade

- I. Comparative advantage and international trade
- II. Supply demand and international trade
- III. Effects of trade protection
- IV. Political economy of trade protection
- V. A look ahead

Ch 9 - Making Decisions

- I. Opportunity Costs and Decisions
- II. Making “How Much” Decisions
- III. Sunk Costs
- IV. The Concept of Present Value

Ch 10 - The Rational Consumer

- I. Utility: Getting Satisfaction
- II. Budgets and Optional Consumption
- III. Spending the Marginal Dollar
- IV. From Utility to the Demand Curve

Ch 11 Consumer preferences and consumer choice

- I. Mapping the utility function
- II. Indifference curve and consumer choice
- III. Using In difference curves: substitutes and complements
- IV. A look ahead

Ch 12 – Production decisions

- I. The Production Function
- II. Two Key Concepts: Marginal Cost and Average Cost
- III. Short-Run Versus Long-Run Costs
- IV. A look ahead

Ch 13. Perfect Competition and the Supply Curve

- I. Perfect Competition
- II. Production and profits
- III. Industry Supply Curve

Ch 14 - Monopoly

- I. Types of Market Structure
- II. The Meaning of Monopoly
- III. How a Monopolist Maximizes Profit
- IV. Monopoly and Public Policy
- V. Price Discrimination

Ch 15 - Oligopoly

- I. The Prevalence of Oligopoly
- II. Understanding Oligopoly
- III. Games Oligopolists Play
- IV. Oligopoly in Practice
- V. How important is Oligopoly?

Ch 16 - Monopolistic Competition and Product Differentiation

- I. The Meaning of Monopolistic Competition
- II. Product Differentiation
- III. Understanding Monopolistic Competition
- IV. Monopolistic Competition versus Perfect Competition
- V. Controversies about Product Differentiation

Ch 17 - Externalities

- I. The Economics of Pollution
- II. Policies Toward Pollution
- III. Production, and Externalities

Ch 18 - Public Goods and Common Resources

- I. Private Goods and Others
- II. Public Goods
- III. Common Resources
- IV. Artificially Scarce Goods

Ch 19 The economics of the welfare state

- I. Poverty, inequality, and public policy
- II. The US welfare state
- III. The economics of health care
- IV. The debate over welfare
- V. A look ahead

Ch 20 Factor markets and distribution of income

- I. The economy's factors of production
- II. Marginal productivity and factor demand
- III. Is the marginal productivity theory of distribution really true?
- IV. The supply of labor
- V. A look ahead