

**ECON 2106 (Sections 008 and 013)**  
**Introduction to Microeconomics, Spring 2004**  
**Section 008: TH 11 am - 12:15 pm; 521 General Classroom**  
**Section 013: TH 2:30 pm - 3:45 pm; 223 General Classroom**

**Professor:** Dr. Paul J. Ferraro  
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**WebCT:** <http://webct.gsu.edu>

**Office Hours:** 12:45 pm – 1:45 pm Thursday

**Course Prerequisites:**  
Math 1111 (College Algebra)

**Required Text:**  
David C. Colander's *Economics*, fifth edition.  
Internet site: <http://www.mhhe.com/economics/colander5/>

**Course Description:**

No matter what line of work you ultimately choose, you will bring no more useful skill to most tasks than an ability to understand the incentives people face and how they are likely to respond to them. A well taught introductory course in microeconomics can teach you more about human behavior in a single term than virtually any other course in the university. Throughout the course, I will try to develop economic intuition by means of examples and applications drawn from everyday experience. My aim is to encourage you to see features of the human-made social and physical landscape as a reflection of an implicit or explicit cost-benefit calculation.

Although we will follow the general flow of the required text, I do not plan to follow it line for line. Many introductory microeconomics courses (including the one I took as an undergraduate) attempt to present students with far too many concepts. The unfortunate result is that, when the dust settles, most students leave these courses never having fully grasped the essence of the subject. For example, the opportunity cost concept, so central to our understanding of what it means to think like an economist, is but one among hundreds of concepts that go by in a blur. Opportunity cost is more important than, say, the idea that the short-run average cost curve is tangent to the long-run average cost curve at the output level for which capacity is at the optimal level. But one might not realize this point from the relative emphasis that these topics receive in many first-year courses.

My approach will be to focus on a short list of the core concepts that do most of the heavy lifting in microeconomics. Most of us learn best by example and repetition. We absorb ideas more quickly and retain them longer when the material is concrete rather than abstract.

One clear explanation is often sufficient to enable a bright student to grasp a complex concept. But there is a deep difference between merely understanding a concept-- in the sense of being able to answer a test question about it the next day-- and really knowing it. Even the very brightest students never fully internalize a concept unless they use it repeatedly. Your resources are limited, and we will make the best use of them if we focus on precisely those issues in life for which knowing microeconomics is most likely to be helpful.

## **Grading:**

### *Exams*

There will be four exams. The first three exams will be given during the lecture period in the classroom. Your two highest scores among the **FIRST THREE EXAMS** will count for 50% of your final grade and your lowest score among the **FIRST THREE EXAMS** will count for 10%. If you do not take one of the first three exams, the weight for that exam is automatically assigned to the final exam (for the first missed exam, 10%, and for each subsequent missed exam, 25%). Dates for the first three exams are:

**Exam I: 12 February, 2004**  
**Exam II: 25 March, 2005**  
**Exam III: 15 April, 2003**

There will also be a mandatory final exam (check the University's final exam schedule for date and location-- I believe the final exams are scheduled for **Tuesday, 4 May, 2:45 pm for Section 013** and **Thursday, 6 May, 10:15 am for Section 008**, but it is your responsibility to verify that this information is correct). This final exam will draw on material from the entire semester and will count for 30% of your grade.

**THERE ARE NO MAKE-UP EXAMS and THE FINAL EXAM IS MANDATORY.**

**No computers, programmable calculators, cell phones or PDAs may be used on exams, but regular calculators can be used.**

### *Homework*

Of the remaining 10% of the final grade, 5% will be based on periodic homework assignments (which you are encouraged to work on with, but not copy from, your fellow students). You will be given full credit if you hand in your assignment and score higher than 50% (designated by a grade of "1" on your graded homework). If you score lower than 50% or do not hand in your homework, you receive a zero (designated by a "0" on your graded homework). No late homework or excuses will be accepted. The homework sets are designed so that (1) you can practice applying what you are learning in the course and (2) can prepare for the exams.

### *Short Paper*

One of the best ways to learn a subject is to write about it. The remaining 5% of your grade will be based on a short paper (due 7 April.) and a brief review of the papers of five of your classmates (due 27 April.). Your paper can be no longer than 750 words maximum (many excellent papers use fewer words). More details about the paper will be given in class, but its purpose is to encourage you to become an "economic naturalist." Studying biology enables people to observe and marvel at many details of life that would otherwise have escaped notice. In much the same way, studying microeconomics can enable you to see the mundane details of ordinary existence in a sharp new light. Your assignment is to use a principle, or principles, discussed in the course to explain some pattern of events or behavior that you personally have observed. I will give you examples (which you cannot use for your paper topic) in class. Please do not lard your essay with complex terminology. Imagine yourself talking to a relative who has never had a course in economics. The best papers are ones that would be clearly intelligible to such a person, and typically these papers do not use any algebra or graphs. You need not include a bibliography. This assignment is NOT a Ph.D. dissertation or even a term paper. You are not expected to do voluminous research in support of your argument, although a relevant fact or two might help convince yourself and others that you are on the right track. It makes no difference whether your topic is "important," but try to choose something interesting.

Extra credit opportunities will be offered both in and out of the classroom. More information on these opportunities will be given in class.

### *Your Grade*

Grading is the inevitable end result of any class. I do not "curve" grades into a bell-shaped distribution, but will add "mercy points" to all exam scores in order to bring the average grade on any exam up to a C, if necessary. Note that this means that grades above 100 percent are possible. The following grading scale will be employed:

A	90% - 100%+
B	80% - 89%
C	70% - 79%
D	60% - 69%
F	0 - 59%

Your grade will be determined by calculating the percentage of the possible points that you earned during the semester. See WebCT for a more explicit breakdown of the point distribution.

### **Remember to keep in mind these policies:**

- No late homework sets will be accepted under any circumstances.
- Your lowest score among the FIRST THREE exams is worth 10%. If you miss one of the first three exams for any reason - and any reason is acceptable - then the 10% weight on this exam will be applied to the final exam. If you miss more than one of the first three exams,

then the weight on each subsequent missed exam is placed on the final. **THERE WILL BE NO MAKE-UP EXAMS. NO EXCEPTIONS MADE (INCLUDING MEDICAL EXCUSES, DEATH IN THE FAMILY, ETC.)**

- **Everyone must take the fourth and final exam** at the time and place listed on the University's official final exam schedule.
- If you will need extra time on any of the exams, or have special needs in the classroom, please contact me **with the first two weeks of class so that we can work out a way to accommodate your needs.**
- Your final grade is determined using the weighting system described above. I do not make any exceptions to this grading policy. Any requests for extra work (other than that available to all students during the semester), or for incompletes (except under university-approved conditions such as serious medical illness) will be denied.
- I try to grade all exams fairly and accurately, but sometimes mistakes (or disagreements) occur. If you do not agree with the points that I have awarded you for a question, do not bring it to me in person. I would like for you to write on a separate sheet of paper the reason you feel that I should award you more points, then staple this paper to the exam and return it to me. It is in your interest to handle your grading questions in this way. I am much more likely to understand your complaint if I can take the time to look at it outside of class. When you submit your exam, the entire exam will be re-graded.
- Disruptive behavior in the classroom robs other students of the education for which they are paying and will not be tolerated. Talking to other students during lectures is not permitted. **Please turn off all cell phones, pagers and portable stereos when you come to class.** I reserve the right to deduct points off of your grade if you insist on being disruptive in class. Also, I do not permit students to type on computers during class unless you have a medical reason for doing so. If you must arrive late, please come in quietly and take the nearest seat. You may pick up any materials at the end of class.
- All class material is available on WebCT 24 hours before class. No hard copies will be passed out in class. For last-minute changes or corrections, I will communicate to students via e-mail and postings on WebCT. You must ensure that I have your correct e-mail address.
- Please remember that all university regulations, deadlines, and policies must be observed. Students are responsible for the information contained in the Academic Honesty policy.

*ATTENDANCE: Effective Fall 2001, all instructors must, on a date after the mid-point of the course (to be set by the Provost),*

1. *Give a WF to all those students who are on their rolls, but no longer taking the class and*
2. *Report the last day the student attended or turned in an assignment*

Students who are on financial aid should pay particular attention to this rule as your attendance record may affect your aid package. I will assess your whether or not you are "still taking the class" based on three aspects of your participation: (1) Every class, I will randomly take attendance of about a dozen names on the roll (for every class, you have an equal probability of your name being called); (2) I will take full attendance at exams; and (3) I will record who submits homework assignments. Missing a few classes will not affect your status unless you also fail to hand in homework assignments and fail to attend the exams, so please do not bother telling me why you missed, or are going to miss, a class.

**Preliminary Course Outline (the components and order of this outline may be modified as the instructor sees fit; in particular, Lectures #9 and #11 are usually taught last)**

Lectures #1 - #6: Economics and Economic Reasoning (Chapters 1 and 2, including Appendix A in 2 and Appendix A in Chapter 27)

- Scarcity Principle, Benefit-Cost Principle, Graphese, Opportunity Cost, Sunk Cost, Reservation Prices, Marginal and Average Benefit, Marginal and Average Cost, Marginal and Average Product, Fixed Cost, Economic Surplus, Rational Choice, Efficient Allocation, Comparative Advantage, Production Possibility Curve, Present Value

Lecture #7: Supply and Demand I (Chapters 4 and 5, including Appendix A)

- Market, Demand Curve, Supply Curve, Equilibrium, Excess Supply and Demand, Social and Private Optimality, Smart-for-One-Dumb-For-All, No-Cash-on-the-Table

Lecture #8: Supply and Demand II (Chapters 4 and 5)

- Predicting and Explaining Changes in Price and Quantity, Determinants of Supply and Demand

Lecture #9: Demand & Utility (Chapter 8)

- Law of Demand, Utility, Rational Utility Maximizer, (Diminishing) Marginal Utility, Rational Spending Rule

Lecture #10: Elasticities (Chapter 6)

Lecture #11: Supply In-Depth (Chapter 9)

Lecture #12: Perfectly Competitive Market (Chapter 11; touch briefly on Chapters 12-13)

Lecture #13: Government Intervention (Chapter 7)

Lecture #14: Strategic Interactions and Game Theory (not covered in text except pp.298-302)

Lecture #15: Public Goods (Chapter 18)

Lecture #16: Economics of Information (not covered in text one section in Chapter 18)

In some cases, we will not cover the entire chapter in the Colander book and in other cases I will present material that is either not in the book or not discussed in detail in the book. If you are not required to read the entire chapter, I will announce it in class. Otherwise, assume you are required to read it. If you are absent, lecture notes can be obtained from your classmates. I do not provide lecture notes to students.

NOTE: The course syllabus provides a general plan for the course; deviations may be necessary.

Learning Objectives for ECON2106-011

1. The student should be able to define the concept of Scarcity.
2. The student should be able to define Opportunity Costs, demonstrate how they affect economic decisions, and identify these costs in a given economic decision.
3. The student should be able to explain and apply the concepts of Marginal Benefits and Marginal Costs to determine optimal economic decisions for both consumers and firms.
4. The student should be able to describe the Benefit-Cost Principle (e.g., take an action as long as the marginal benefits are greater than the marginal costs), and should be able to apply the principle in a given economic decision.
5. The student should be able to accurately explain the way in which economists use the following adjectives and the relationships among them: marginal, average, total, fixed, variable, and sunk. The student should also be able to determine in a given economic decision which costs and benefits are relevant (e.g., marginal) and which are not (e.g., sunk).
6. The student should be able to recognize and interpret a Demand Curve and a Supply Curve, and should be able to identify the underlying determinants of each.
7. The student should be able to describe the concepts of Excess Demand, Excess Supply and Equilibrium Quantities and Prices, and should be able to predict changes in each as a result of changes in the underlying determinants of market demand and supply or government intervention.
8. The student should be able to differentiate between a Change in Demand (Supply) and a Change in the Quantity Demanded (Supplied).
9. The student should be able to define the general concept of Elasticity for different variables in the demand or supply function (e.g. own, cross, income, etc.), and should be able to describe the effect of a given elasticity on economic outcomes (e.g., revenues, tax burden, policy choices, etc.).
10. The student should be able to identify the differences between a perfectly competitive market and an imperfectly competitive market and the implications of each for economic outcomes.
11. The student should be able to define present value and calculate this value for a given economic decision.
12. The student should be able to define the basic concepts of strategic interaction (e.g., elements of a game, dominant strategies, equilibrium outcomes, backward induction) and apply them in a given economic context.
13. The student should be able to differentiate private and public goods, calculate the social and private values from a public good, and identify opportunities for free-riding.
14. The student should be able to define an externality, identify one in a given context and evaluate the difference between the privately and socially optimal outcomes in the context.

## **Syllabus Agreement**

I, the undersigned, certify that I have read and fully understand the terms of the Course Syllabus and that I unconditionally agree to abide by the terms of the Syllabus for the Course.

Course Number: **ECON2106**

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Please sign, date and give this form to your professor by 27 January 2003. You will not be allowed to take the first exam if you have not dated, signed and submitted this form to the professor.