

Microeconomic Principles (ECN295-02) Syllabus

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Location: Course meets in Briggs 348 on Tuesdays: 6.40- 9.10P

Office Hours: 6:00 PM to 6:30 PM, Briggs 313 (I might be in Dr. Byrne's office at Briggs 319) on Tuesdays and Thursdays (call/email me to set up a meeting)

COURSE NUMBER AND NAME: [ECN295-02 Microeconomic Principles](#)

Course Description

Economics is the study of scarcity. A society cannot have all the goods and services it desires. It must make a number of decisions because of this. What should it produce or what is often termed, guns or butter. How should it produce those goods and services in terms of labor, capital and other resources? Who gets the goods and services once they are produced? Technically, these decisions are called the output mix, the input mix and the income distribution.

The branch of Economics that addresses these issues of decision making is called Microeconomics or Micro for short. How many cars will be produced? How labor intensive should be bread-making or house-building? Will the resulting income distribution be more or less equally distributed? Additionally, the relationship of nations to each other is considered. This is usually referred to as international trade.

The course that follows this course (ECN 295) is called Principles of Macroeconomics (ECN 296) or Macro for short. It examines scarcity in an overall sense. What causes recessions and the resultant higher levels of scarcity than ought to occur. Why does inflation occur with its resulting redistribution of income and a change in relative scarcity? Why do some economies grow faster and provide the potential for alleviating scarcity more rapidly and why do some economies languish in very slow growth rates with little change in the standard of living for long periods of time? These are very important questions but we must wait until next semester to address them.

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To show the differences in the approaches of macro and micro we can use the auto industry. If we ask why structural unemployment has occurred in the auto industry it is a micro issue. If we ask why the overall auto employment in the economy falls in a recession and rises in a recovery, it is a macro issue. If we ask why the cost of health delivery has risen, it is the concern of Microeconomics. If we ask what causes inflation in an economy, it is the concern of Macroeconomics.

Economics is a very powerful discipline. Nearly every material issue to individuals or a society can be accurately analyzed with economic tools. Why have interest rates risen? Why have so many workers been laid off permanently in the auto industry? Why have fish become so expensive at the grocery store? Why has spending on health care risen so high? Why has the cost of computers fallen so fast? Why has international trade become so important to this nation? Why is it that a college graduate on the average makes several times the income and is less likely to be unemployed than the graduates of only grade or high school? Why are professional athletes (and the owners) so highly paid? We could go on endlessly. These are all economic issues.

With a modicum of economic theory and lots of numbers of the real world, we can gain tremendous insight into much of the material world around us. Be patient, work hard and you will learn much that will be very relevant to your everyday life. This course can empower you if you so desire and work at it. If you choose to skate through this class, cram for exams, you will learn little. In that event, blame yourself for your poor performance and not the instructor (that would be me).

Textbook for Course

Authors:

Paul Heyne, Deceased

Peter J. Boettke, *George Mason University*

David L. Prychitko, *Northern Michigan University*

Title:

The Economic Way of Thinking

<http://vig.prenhall.com:8081/catalog/academic/product/0,1144,0131543695-TOC,00.html>

ISBN: 0-13-154369-5

11th Edition 2006

Publisher: **Prentice Hall**

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Student Course Evaluations

Administration's statement repeated in italics:

Student course evaluations are an important source of information for curricular and teaching improvement in the College of Liberal Arts and Education. As such, all students enrolled in CLAE courses are required to complete an on line course evaluation (<https://jackson.udmercy.edu/surveys/>). You will receive e-mails explaining how to complete an on line evaluation. In addition, your instructor will remind you of the deadline for completing this course requirement. Should a student fail to complete the evaluation, their grade for the course will not be posted until the evaluation is completed.

Dishonesty and Plagiarism

Unacceptable behavior such as cheating in any form will not be tolerated and will result in penalties after a due process hearing determines that such behavior did occur. Students are advised to read the student handbook for the penalties resulting from such behavior.

UDM Knowledge Website

In the event I post items to Knowledge, you will be able to access the material through your account <http://knowledge.udmercy.edu>. If you haven't used Knowledge (Blackboard) in previous courses, just follow the instructions to set up your account. The course you should be looking for is:

ECN295-02 Microeconomic Principles

Tech Support Information:

Blackboard Technical assistance is available at:

Online <http://support.blackboard.com> Telephone: 1-888-383-5010 (Hours of operation 24x7)

Extra...useful sites

(If you're not familiar working within Bb):

<http://research.udmercy.edu/BB/help/> If you have any questions not answered in this tutorial, you may email your questions to ***blackboard@udmercy.edu***, or phone the Instructional Design Studio at 313.578.0580.

UDM Blackboard site:

<http://knowledge.udmercy.edu>

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website leads to a myriad of available resources, including Internet applications for each chapter, course case updates, teaching resources, and learning resources as well as online student support.

URL:

<http://economics.about.com/cs/econometrics/l/blglossary.htm>

Site Owner: Economics.about.com

URL: <http://en.wikipedia.org/wiki/Economics>

Site Owner: Wikipedia.com

Description: Excellent glossaries and useful for additional insight in economics.

URL: <http://byrned.faculty.udmercy.edu/>

Site operated by New Economic Paradigm Associates: Dr. Donald R. Byrne and Ed Derbin

Excellent source of objective analysis and useful links to base data sources...

Evaluation Components

There are 1,000 possible points...

15%	150 points – 3 papers/50 pts each on articles in Economics Newsletter
65%	650 points – 5 Exams at 100 pts each (1 Exam at 150 pts)
20%	200 points – Final Comprehensive Exam

100% 1,000 points – Total

Evaluation Criteria

Papers (150), Exams (650 points) & Final Exam (200 points):

The **3-Papers** will be no more than two-pages in length each. You will write a brief synopsis on topics of your choice from my newsletter – be sure to include your own comments and analysis (<http://byrned.faculty.udmercy.edu/>).

1st Paper due on Feb 2, 2006

2nd Paper due on Mar 2, 2006

3rd Paper due on Apr 6, 2006

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The **Exams** (and final comprehensive exam) will test your understanding of class topics throughout the course. All tests/quizzes in this course will be objective in nature, covering the material from Homework, Lectures and Readings. The final will be comprehensive, covering material from throughout the course.

Translation of Course Averages into Course Grades

93 and above	= A
88 up to but not including 93	= A-
85 up to but not including 88	= B+
82 up to but not including 85	= B
78 up to but not including 82	= B-
75 up to but not including 78	= C+
70 up to but not including 75	= C
65 up to but not including 70	= C-
60 up to but not including 65	= D+
55 up to but not including 60	= D
below 55	= F

Weekly (Reading, Homework and Exams) Assignments

ECN 295

Week 1 (Jan 12)

Topic Unit 1 (week 1 – 3): Introduction to Economics – Scarcity: Individual’s and Household’s needs and wants; opportunity cost; product or output mix, input or productive resource mix; Circular Flow of Real Economic Activity; Labor, Capital, Entrepreneurship, and Land; Microeconomics Defined (Income distribution; Comparative advantage); Macroeconomics Defined (Recessions, Inflation, Keynes, Unemployment); (NIPA) National Income and Product Accounts.

Read Heyne, Chapter 1 (Economic Way of Thinking)

Week 2 (Jan 19)

Continued --- Topic Unit 1 (week 1 – 3): Introduction to Economics – Scarcity: Individual’s and Household’s needs and wants; opportunity cost; product or output mix, input or productive resource mix; Circular Flow of Real Economic Activity; Labor, Capital, Entrepreneurship, and Land; Microeconomics Defined (Income distribution; Comparative advantage); Macroeconomics Defined (Recessions, Inflation, Keynes, Unemployment); (NIPA) National Income and Product Accounts.

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Read Heyne, Chapter 2 (Efficiency, Exchange, and Comparative Advantage)

Week 3 (Jan 26)

Continued --- Topic Unit 1 (week 1 – 3): Introduction to Economics – Scarcity: Individual's and Household's needs and wants; opportunity cost; product or output mix, input or productive resource mix; Circular Flow of Real Economic Activity; Labor, Capital, Entrepreneurship, and Land; Microeconomics Defined (Income distribution; Comparative advantage); Macroeconomics Defined (Recessions, Inflation, Keynes, Unemployment); (NIPA) National Income and Product Accounts.

Read Heyne, Chapter 14 (The Overall Performance of Economic Systems)

Exam 1 (100 points total) – Chapters 1, 2 & 14 of Heyne and lecture material

Week 4 (Feb 2)

Topic Unit 2: Law of Demand and Substitution Effect (Giffen goods & Veblen goods); The Law of Demand and the Income Effect and Supply; Price Elasticity of Demand; Price Elasticity of Demand and Total Revenue to the Firm; Anatomy of Price Elasticity and its Relationship to Total Revenue.

Read Heyne, Chapters 3 (Substitutes Everywhere: The Concept of Demand)

1st Paper Due (50 pts)

You will write a brief synopsis on topics of your choice from my newsletter – no more than two pages. Be sure to include your own comments and analysis (<http://byrned.faculty.udmercy.edu/>).

Week 5 (Feb 9)

Continued --- Topic Unit 2: Law of Demand and Substitution Effect (Giffen goods & Veblen goods); The Law of Demand and the Income Effect and Supply; Price Elasticity of Demand; Price Elasticity of Demand and Total Revenue to the Firm; Anatomy of Price Elasticity and its Relationship to Total Revenue.

Read Heyne, 4 (Opportunity Cost and the Supply of Goods)

Exam 2 (100 points total) – Chapters 3 & 4 of Heyne and lecture material

Week 6 (Feb 16)

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Read Heyne, 11 (The Distribution of Income)

Exam 4 (100 points total) – Chapters 7 & 11 of Heyne and lecture material

Week 11 (Mar 23)

Topic Unit 6: Competition and Price Elasticity of Demand; Equity and Efficiency in Theoretical Welfare Economics; Regulating a Public Utility; Natural Monopoly; Changes in Demand and Price Elasticity; Essential Condition for the Relevancy of Demand Side Macroeconomics; Competition and Efficiency and Equity in Economic Theory; Efficiency; Equity; Principle of Subsidiarity

Read Heyne Chapters 8 (Competition and Monopoly)

Week 12 (Mar 30)

Continued --- Topic Unit 6: Competition and Price Elasticity of Demand; Equity and Efficiency in Theoretical Welfare Economics; Regulating a Public Utility; Natural Monopoly; Changes in Demand and Price Elasticity; Essential Condition for the Relevancy of Demand Side Macroeconomics; Competition and Efficiency and Equity in Economic Theory; Efficiency; Equity; Principle of Subsidiarity

Read Heyne, Chapter 9 (Price Searching)

Exam 5 (100 points total) – Chapters 8 & 9 of Heyne and lecture material

Week 13 (Apr 6)

Topic Unit 7: The Pressures of Competition; Controlling Competition; The Ambivalence of Government Policies; Regulating Prices; Antitrust Policy; Vertical Restraints: Competitive or Anticompetitive; Externalities – Negative and Positive; Markets and Government: Private versus Public?

Read Heyne, Chapter 10 (Competition and Government Policy)

3rd Paper Due (50 pts)

You will write a brief synopsis on topics of your choice from my newsletter – no more than two pages. Be sure to include your own comments and analysis (<http://byrned.faculty.udmercy.edu/>).

Week 14 (Apr 13)

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Continued --- Topic Unit 7: The Pressures of Competition; Controlling Competition; The Ambivalence of Government Policies; Regulating Prices; Antitrust Policy; Vertical Restraints: Competitive or Anticompetitive; Externalities – Negative and Positive; Markets and Government: Private versus Public?

Read Heyne, 12 (Externalities and Conflicting Rights)

Week 15 (Apr 20)

Continued --- Topic Unit 7: The Pressures of Competition; Controlling Competition; The Ambivalence of Government Policies; Regulating Prices; Antitrust Policy; Vertical Restraints: Competitive or Anticompetitive; Externalities – Negative and Positive; Markets and Government: Private versus Public?

Read Heyne, 13 (Markets and Government)

Review for final

Exam 6 (150 points total) – Chapters 10, 12 & 13 of Heyne and lecture material

Week 16 (Apr 27)

Final Exam (200 points total) – the Final Exam will be held at the normal class time...6:40 PM

The exam is comprehensive; based on material covered throughout the course.