

**ECON 2302 – Principles of Microeconomics
Summer Session II - 2009**

1. Instructor

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2. Course Description

Principles of Microeconomics teaches students how to analyze individual household and firm level decisions in a rigorous, economic framework. As an introductory course, students will be introduced to the notions of opportunity cost, gains from trade, supply and demand functions, various market structures, and basic equilibrium concepts.

3. Required Texts/Materials

The textbook used by this course is:

Arnold, Roger A. "Microeconomics, 8th Edition," *Thompson Southwestern*

4. Instructional Methodology

This course will be highly lecture driven, the textbook is considered a supplement to the lecture and by no means a replacement. Classroom participation is strongly encouraged, primarily because it is the best way to get the most out of your education. I believe that the best way to learn something is to teach it yourself, as such, classroom discussion and group work will be a regular occurrence, though students will not be asked to lead lectures or present material to the class as a whole.

5. Course Rationale

Economics is the study of efficiently allocating finite resources to fulfill infinite wants and needs. This course will consider frictionless, perfect markets and the policy implications of such ideal structures. We will also consider various market failures and the policies which may be used to remedy such failures. This course will prepare students for upper division finance, marketing, business administration, economics, government, and social work courses.

6. Course Objectives

Upon completing this course, students should be able to understand the following:

- The difference between accounting costs and economic costs, and the importance of opportunity cost in decision making.
- What determines a demand function, a supply function, and how these functions interact to create an equilibrium.
- How and why equilibrium prices might change and the ramifications of these changes on other markets, resource allocation, and production.
- Various market structures, primarily perfect competition and monopoly.

7. Grading System

Course grade will be based upon:

- Quizzes (# not yet determined) – 30% of grade
- Midterm – 30% of grade
- Final – 40% of grade

8. Course Policies

Your grade will not be based upon classroom participation, but such participation is encouraged since it will help you learn and get the most out of your education. Students will NOT be offered a chance to make-up missed quizzes/exams, but if a “good explanation” is provided (i.e. sickness, death of a loved one/pet) the remaining quiz/midterm weights may be adjusted accordingly. This will be handled on a case by case basis.

The only firm policy is one of strict academic honesty. You know what cheating is. Do not cheat. Any cheating of any kind will be disciplined to the full extent of ACC policy.

Students with disabilities:

Each ACC campus offers support services for students with documented physical or psychological disabilities. Students with disabilities must request reasonable accommodations through the Office for Students with Disabilities on the campus where they expect to take the majority of their classes. Students are encouraged to do this three weeks before the start of the semester.

9. Course Outline

Quizzes – Quizzes will be dispensed regularly to ensure understanding of the material. They are intended to serve as a learning tool to be reviewed in class. The total number of quizzes administered will be based upon overall understanding of the material.

Midterm – Given the daily meetings for this course, the exact date of the midterm is subject to change. It will be held sometime during the third week.

Final – The final will be held on the last day of class.

This course will cover the following topic roughly in the order listed below. This is subject to change. Not all topics will necessarily be covered due to time constraints.

- *Mathematical review* – Helpful math to know as a future student/employee of economics/finance/business.
- *Graph interpretation and creation* – How to get all the information possible out of a graph and how to create informative graphs given information.
- *Opportunity Cost* – The most important and most easily ignored cost.
- *The Production Possibilities Frontier* – How much can an economy produce?
- *Gains from trade and specialization*– The least intuitive but most agreed upon (and possibly the most important) economic concept.
- *Utility Theory* – More is better, but at a decreasing rate. Diminishing marginal utility.
- *Budget Constraints* – What we can afford and the effects of price and income changes.
- *Consumer Choice and Utility Maximization* – What economists say we’re doing when we go to the store. The importance of thinking on the margin.
- *Theory of Demand* – What determines a demand curve and why.
- *Production Theory and Cost Minimization* – How firms produce most efficiently and how it’s similar to how we consume efficiently. (We’ll only consider the long run situation)
- *Theory of Supply* – What determines a supply curve and why.
- *Market Equilibrium and price setting* – What happens when supply intersects demand and vice versa. Who’s determining prices?
- *Elasticity and its role in determining consumer and producer surplus* – The advantage of having outside options, the costs of not.
- *Impact of Government Policies* – Deadweight loss and revenue generation.

- *Market Failure and Policy Correction* – Removing deadweight loss.
- *Perfect Competition* – Short run profits and long run existence.
- *Monopoly* – One firm control, the private benefits and social costs of underproduction.
- *Game Theory* – Modeling strategic interaction in a handful of classic games.
- *Labor/Leisure* – A choice we make every day and how our preferences affect it.