

Principles of Microeconomics Economics 101

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Text: *Price Theory and Applications* (7th edition) by Steven Landsburg.

Course Objective: Principles of Microeconomics studies the behavior of individual participants in the economy: consumers and producers, workers and employers. These buyers and sellers come together in the market to allocate scarce resources, collectively determining what goods will be consumed and produced, where and how many hours to work, and how to best organize production. We will study market structures, when markets fail, and how government policies (taxation, emission controls, minimum wage laws, etc.) impact the functioning of the market.

The objectives of the course are:

- Introduce students to the rigors (and benefits) of the “economic way of thinking.”
- Introduce students to the language of economics.
- Introduce students to the topics in microeconomics that they will need in future coursework.
- Teach students the difference between positive and normative analysis.

The readings for each section are outlined below. A detailed outline of the material to be discussed will be given prior to each lecture to aid in your preparation.

Course Grades: will be based on the weighted average of the following and attendance, Exam I (30%), Exam II (30%), Exam III (30%), Homework/Graded Assignments (10%).

Grades will be assigned according to the following scale,

93-100% = A	80-82% = B-	67-69% = D+
90-92% = A-	77-79% = C+	63-66% = D
87-89% = B+	73-76% = C	60-62% = D-
83-86% = B	70-72% = C-	59 or below = F

Exams: There are two exams and a final. The first is tentatively scheduled for 9/24 and the second is scheduled for 10/29. The final exam will be given during the final exam period. If it becomes necessary to change an exam date, then I will inform you at least one week in advance. If you are going to miss an exam you must let me know IN ADVANCE, otherwise there will be no make-up exam and the missed weight will go into a specially prepared cumulative final.

Homework: Problems will be distributed at the end of two classes per week. The problem(s) will cover material gone over in that class or a previous class. They are due AT THE BEGINNING of the next class period, since we will go over the problem first. You will assign yourself a grade between 0 (“I didn’t do it”) and 4 (“I did it perfectly”) and turn each problem in to me.

- You MAY: drop your 3 lowest grades (including unexcused and excused absences).
- You MAY: come by with questions about a problem once you have made a valiant attempt on your own, as demonstrated by the reams of scribbling that you’ll have with you.
- You MAY NOT: come in late and have someone else grade your problem or send your problem with someone else.

You MUST use the green pen and only the green pen provided while the problems are being review. Using any other writing implement for any other purpose during this time will be considered an Honor Code violation. Not reporting someone using a non-green pen is also an Honor Code violation.

Study Guides will be distributed about a week before each exam and, while they will not be collected, it is recommended that you work through them.

Attendance Policy: The problems will make regular attendance necessary. I do take attendance, but there will be no direct penalty for missing class. The indirect penalty is that you would receive a 0 on the homework problem. If you miss class due to illness, sports, family emergency, etc. then you need to inform me **by email**. You are responsible for all missed material and handouts. I do not repeat lectures during office hours for the benefit of those who missed the regular lecture. I do not help people on problems if their lack of understanding is due to missing class

Academic Dishonesty: Any evidence of academic dishonesty may result in your failure of this course. Academic dishonesty includes (1) using exams from previous semesters, (2) using problems from previous semesters, (3) working together on exams, (4) completing the problems as we are going over them in class, or (5) copying (or allowing someone else to copy) any work that is turned in for a grade. You *may* discuss approaches to solving the daily problems, but when it comes time to put pen to paper, the work must be entirely your own.

Office Hours: My office is 331 Buckman. I have scheduled office hours for T TH 11-12 and W 12-1. I strongly encourage you to make an appointment if you have conflicts with these times. The best way to schedule an appointment with me (or contact me for any reason) is by email: grammt@rhodes.edu.

Email: I assume you check your email at least once a day. I will use it to convey required reading in The Economist and The Wall Street Journal which we will be going over during the next class period. I will not send you “junk” or “FYI” or “Here’s a nifty Macro article in case you have a free hour”...it will always be pertinent to material you need for class.

Outline of Lectures:

- I.** Intro
- II.** Supply and Demand (pp. 1-22)
- III.** Specialization and Trade (pp. 31-41)
- IV.** Consumer Theory (pp. 45-65)
- V.** Consumer Theory and Demand (pp. 77-101)
- VI.** Theory of the Firm
 - A.** Intro (pp. 113-128)
 - B.** Short-run costs and production (pp 135-144)
 - C.** Long-run costs and production (pp. 145-157)
 - D.** Relating short run and long run (pp. 158-162)
- VII.** Increasing, Decreasing and Constant Cost Industries (pp 169-201)
- VIII.** Welfare Economics (pp. 219-251)
- IX.** Market Power: Monopolies, Oligopolies, Monopolistic Competition (pp. 314-344, 384-391)
- X.** Externalities and Public Goods (pp 417-446)
- XI.** Conclusions