

GOVERNORS STATE UNIVERSITY
College of Business and Public Administration

COURSE: PRINCIPLES OF MICROECONOMICS

COURSE NO.: ECON 301

SESSION: SPRING/SUMMER 1992

INSTRUCTOR: DR. A. PETRO

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OFFICE HOURS: TUESDAY 2 - 4:30 P.M.
THURSDAY 2 - 4:30 P.M.

CREDIT HOURS: THREE

PREREQUISITE: NONE

CATALOG DESCRIPTION:

Studies price formation, demand, and production decisions. Examines the individual and interrelated behavior of consumers, firms and industries.

TEXTBOOK: R. T. Byrns & G. W. Stone, Micro Economics Scott, Foresman & Company. 5th Edition. 1992. (Study guide by same authors is optional.)

TOPICS & ASSIGNMENTS:

The problems at the end of each chapter are part of the class assignment.

I. Economics: The Study of Scarcity and Choice

Objective: A focus on concepts that provide a general framework for understanding later analysis: choices, scarcity, opportunity, cost, macro vs. micro economics, positive vs. normative and methods of economics.

- a. Nature of Economics: Definition
- b. Micro vs. Macro economics
- c. Methods of Economics: Graphics

Text: Chapter 1

II. Scarcity in a Changing World



Objective: To describe the four basic questions posed by scarcity. Use production possibilities curves to describe scarcity, increasing costs, economic growth, and allocation mechanisms.

- a. Production Possibilities Curves: The Economic Problem
- b. Growth Technology
- c. Alternative Systems

Text: Chapter 2

III. Demand and Supply

Objective: Explain the law of demand and the law of supply; describe the major determinants, and how they cause demand and supply curves to shift; give the effect of time; explain what market equilibrium is and how it is achieved.

- a. The Demand Curve: Determinants
- b. The Supply Curve: Determinants
- c. Market Equilibrium

Text: Chapter 3

IV. Markets and Equilibrium

Objective: Explain how prices and quantities change to reflect movement in supplies and demands. Show the effects of taxes, subsidies, price floors and price ceilings.

- a. Equilibrium: Price and Quantity
- b. Shifts in Demand and Supply
- c. Shortages and Surpluses
- d. Intervention: Taxes

Text: Chapter 4

EXAMINATION #1

V. Elasticity

Objective: Examine the concepts of elasticity and its applications to demand and supply.

- a. Elasticity and its calculation
- b. Other Elasticities
- c. Elasticity and Tax Burdens
- d. Totals, Averages and Margins

Text: Chapter 5

VI. Consumer Choice

Objective: Develop the marginal analysis as it applies to consumer behavior.

- a. Effects of Price Changes: Substitution and income effects.
- b. Utility and Marginal Utility
- c. Consumer Equilibrium and Demand
- d. Rational Choice

Text: Chapter 6

VII. Theory of the Firm

Objective: Develop an overview of business environment.

- a. International Scope
- b. Production
- c. Legal Forms
- d. Financial

Text: Chapter 7

VIII. Production and Costs

Objective: Explore the production relationships of input and output, and determine costs.

- a. Economic costs of production
- b. Production: some definitions
- c. Short-Run Production Costs
- d. Costs in the Long-Run

Text: Chapter 8

EXAMINATION #2

IX. The Competitive Ideal

Objective: Examine details of the purely competitive market structure.

- a. Pure Competition: Conditions
- b. Short-Run Pricing and Output: Cases
- c. Long-Run Adjustment
- d. Evaluating the Competitive Market

Text: Chapter 9

X. Monopoly

Objective: To focus on the theory of pure unregulated monopoly.

- a. Monopoly: Pricing and Output
- b. Maintaining Monopoly
- c. Price Discrimination
- d. Comparing Competitive and Monopoly Markets.

Text: Chapter 10

XI. Monopolistic Competition and Oligopoly

Objective: Explore the market between the extremes of competition and monopoly.

- a. Product Differentiation
- b. Monopolistic Competition
- c. Oligopoly
- d. Comparing Structures

Text: Chapter 11

XII. Strategic Behavior

Objective: Describe recent developments in economic theory to account for this behavior.

- a. New Industrial Organization
- b. Game Theory
- c. Asymmetric Information

Text: Chapter 12

XIII. Anti-trust Policy

Objective: Introduction to policy on prevention of monopoly.

- a. Measuring Monopoly Power
- b. Mergers and Monopoly Power
- c. Anti-trust Policy
- d. Anti-trust Laws

Text: Chapter 13

EXAMINATION #3

XIV. Competitive Labor Markets

Objective: Examine resource markets and focus on competitive labor markets.

- a. Derived Demand
- b. Demands for the Supply of Labor
- c. Labor Market Equilibrium
- d. Government Regulations

Text: Chapter 14

XV. Imperfect Competition in Labor Markets

Objective: Examine deviations from the competitive labor market.

- a. Monopoly and Demand for Labor
- b. Monopsony in Labor Markets
- c. Unions and Collective Bargaining
- d. Labor Unions

Text: Chapter 15

XVI. Rent, Interest, Profits and Capitalization

Objective: Examine capital, entrepreneurship and earned in relatively competitive market structures.

- a. Resource Ratios and Productivity
- b. Economic Rent
- c. Interest
- d. Economic Profits

Text: Chapter 16

EXAMINATION #4

GRADING POLICY

Grades are based on the performance on the exams:

4 Examinations = 400 points possible

Grade Scale:	A = 90%
	B = 80%
	C = 70%
	D = 60%
	F = Less than 60%

EXAMINATIONS

The exams are objective type: true-false, multiple-choice, problems, etc.

The final exam has an optional part worth 20 - 30 points and covers any material from those chapters not included on the final. These earned points would be added to the earned points from the exams and then the grade would be determined according to the grade scale.

ATTENDANCE AND MAKE-UPS

Attendance is required and absences will be recorded. After three absences you will not be allowed to sit for the next exam. You are responsible for materials covered in missed classes. Make-up exams will be given only during the last week of the semester.