Course Number: ECON 2302  
Section: S05, S07, S08

Course Title: PRINCIPLES OF MICROECONOMICS

Credit Hours: 3  
Lecture Hours: 3  
Lab Hours: 0

Prerequisites: MATH 0310 and ENGL 0305 or Consent of Instructor

Course delivery method: This course will be presented using class lectures, class discussions, overhead projections, and demonstrations.

Instructor's Information:

Professor: Tom Hudgins

Office: Spring Creek Campus, Room G225

Office Hours: MW 10:00-1:00 and TR 9:30-10:00

Office Phone: 972-516-5060 or you can leave a message at 972-881-5846

E-mail: thudgins@ccccd.edu

Class Information:  
ECON 2302.S05 TR 10:00-11:15 Room J208
ECON 2302.S07 TR 11:30-12:45 Room J208
ECON 2302.S08 TR 1:00-2:15 Room J208


Course Learning Objectives:

1. Describe the importance of scarcity to economic decision making.
2. Identify the opportunity cost encountered in any decision.
3. Demonstrate the economic concepts of scarcity, trade-offs, efficiency, unemployment, and economic growth, using a production possibilities frontier model.
4. Interpret how changes in demand behavior and/or supply behavior affect prices and quantity in a market.
5. Justify how efficient market activity maximizes overall social well-being.
6. Demonstrate inefficiencies that develop in a market when government imposes any type of price control.
7. Identify the characteristics of goods that determine that good’s elasticity of demand.
8. Explain the importance of elasticity of demand in a firm’s pricing decisions.
9. Summarize the law of diminishing marginal utility, and describe the process one uses to arrive at consumer equilibrium.
10. Contrast accounting profit, economic profit, and normal profit.
11. Generate a model of the production cost curves in the short run and long run.
12. Analyze the reasons that lead to economies of scale and diseconomies of scale.
13. Outline the decision-making rules that lead to profit maximization or loss minimization.
14. Outline the decision-making rules that lead a firm to expand operations, to continue current operations, to cut back operations, or to close down in the short run.
15. Compare and contrast the characteristics of the four market structures.
16. Explain how a natural monopoly comes into existence and how it is operated.
17. Outline government approaches to mergers and monopolizing behavior.
18. Outline the decision-making rules that a profit-maximizing firm would use when hiring labor.
19. Describe reasons for income inequality.
20. Define interest and explain what determines its level.
21. Contrast positive and negative externalities and devise a government program to respond to each.
22. Describe what must be done to provide society adequate amounts of a public good.
23. Explain the importance of comparative advantage and give examples.
24. Compare and contrast who benefits and who loses in free international trade and in protected international trade.
25. Contrast a flexible foreign exchange rate system with a fixed exchange rate system.

**Method of Evaluation:** Your course grade will be based on the following:

- Exam 1 30%
- Exam 2 30%
- Exam 3 30%
- Critical Thinking 10%
- TOTAL 100%

1. Exams will consist of definitions, multiple choice questions, and short essay questions. Specific dates for exams will be announced in advance, and a study guide will be provided. Students are expected to take the exams at the scheduled time.
2. Critical Thinking Exercises are written exercises related to topics in economics. They are designed to test your understanding of economic principles and your ability to apply those principles. Critical Thinking Exercises should be turned in on the due date. There is a 10-point penalty for turning these exercises in late.
3. Please notice that the Exams and Critical Thinking Exercises are the basis for your grade. There is no "extra work" possible in this course. Do your best work the first time!

**Attendance Policy:** You are expected to attend class and participate.

**Withdrawal Policy:** Students are advised to withdraw from the course if they have not completed the required work by the "Last Day to Withdraw". Students who do not complete all of the required work by the end of the course will receive a letter grade based on the work
completed. There will be no grades of "incomplete" given. Note that the professor cannot withdraw you from class. You must complete a drop form with Admissions and Records to formally withdraw. The last day to withdraw this semester is November 14, 2008.

Religious Holy Days: please refer to the current Collin Student Handbook

Americans With Disabilities Act Statement: It is the policy of Collin County Community College to provide reasonable accommodations for qualified individuals who are students with disabilities. This College will adhere to all applicable federal, state and local laws, regulations and guidelines with respect to providing reasonable accommodations as required to afford equal educational opportunity. It is the student’s responsibility to contact the ACCESS office, SCC-G200 or 972.881.5898 (V/TTD: 972.881.5950) in a timely manner to arrange for appropriate accommodations.

Academic Ethics: Do your own work. Any situation in which cheating or other unethical activity is suspected will be brought to the attention of the Dean of Students for adjudication and disposition.

The College District may initiate disciplinary proceedings against a student accused of scholastic dishonesty. Scholastic dishonesty includes, but is not limited to, statements, acts, or omissions related to applications for enrollment or the award of a degree, and/or the submission as one’s own work material that is not one’s own. Scholastic dishonesty may involve, but is not limited to, one or more of the following acts: cheating, plagiarism, collusion, use of annotated texts or teacher’s editions, and/or falsifying academic records.

Plagiarism is the use of an author’s words or ideas as if they were one’s own without giving credit to the source, including, but not limited to, failure to acknowledge a direct quotation.

Cheating is the willful giving or receiving of information in an unauthorized manner during an examination, illicitly obtaining examination questions in advance, copying computer or Internet files, using someone else’s work for the assignments as if it were one’s own, or any other dishonest means of attempting to fulfill the requirements of a course.

Collusion is intentionally aiding or attempting to aid another in an act of scholastic dishonesty, including but not limited to, providing a paper or project to another student; providing an inappropriate level of assistance; communicating answers to a classmate during an examination; removing tests or answer sheets from a test site, and allowing a classmate to copy answers.

Course Description: Decision-making in the private sector; markets and prices; demand and supply; consumer economics; production, costs and industrial organization; current topics.

Class Rules: (1) No children in class, please.
(2) Food and drink may be consumed discretely in class, but you should remove all remains (including puddles!) when you leave.
(3) Do not use cell phones or notebook computers in class.
(4) Please respect the right of others to have opinions that might differ from yours.
COURSE CALENDAR:

WEEK 1: What is economics, and why is it important?

Thoughts: "In economics the basic questions do not change--it is the answers that change from time to time." ---Anonymous

Read: Chapter 1: What Economics is About
Chapter 2: Economic Activities—Producing and Trading

WEEK 2: How do markets work?

Thoughts: "The market price of every particular commodity is regulated by the proportion between the quantity which is actually brought to market and the demand of those who are willing to pay the natural price of the commodity." ---Adam Smith

Read: Chapter 3: Supply and Demand--Theory
Chapter 4: Supply and Demand—Practice

WEEK 3: What makes consumers behave the way they do?

Thoughts: "Economists know a lot about what makes producers tick, while they know almost nothing about the motivation of consumers." ---Tibor Scitovsky

Read: Chapter 17: Elasticity
Chapter 18: Consumer Choice—Maximizing Utility and Behavioral Economics

WEEK 4: Why are costs so important?

Thoughts: "To find men capable of managing business efficiently and to secure to them positions of responsible control is perhaps the most important single problem of economic organization on the efficiency scale." ---Frank K. Knight

Read: Chapter 19: Production and Costs

WEEK 5: How must a competitive firm behave?

Thoughts: "The system of free competition is a rather peculiar one. Its mechanism is one of fooling entrepreneurs. It requires the pursuit of maximum profit in order to function, but it destroys profits when they are actually pursued by a larger number." ---Oskar Lange

Read: Chapter 20: Perfect Competition
WEEK 6: Why do monopolies exist?

**Thoughts:** "The monopolists, by keeping the market constantly understocked, by never fully supplying the effectual demand, sell their commodities much above the natural price." ---Adam Smith

**Read:** Chapter 21: Monopoly

WEEK 7: What is between competition and monopoly?

**Thoughts:** "It is not enough to prove that a given industry is not competitive. The crucial question is: how far do conditions in the industry depart from competition? In many cases, the answer is that the departures are not large." ---George Stigler

**Read:** Chapter 22: Monopolistic Competition, Oligopoly, and Game Theory

WEEK 8: Should we worry about the activities of big business?

**Thoughts:** "Did you expect a corporation to have a conscience, when it has no soul to be damned and no body to be kicked?" ---Lester Thurow

**Read:** Chapter 23: Government and Product Markets--Antitrust and Regulation

WEEK 9: Why are labor markets complex?

**Thoughts:** "What improves the circumstances of the greater part can never be regarded as an inconveniency to the whole. No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable." ---Adam Smith

**Read:** Chapter 24: Factor Markets—With Emphasis on the Labor Market
Chapter 25: Wages, Unions, and Labor

WEEK 10: What about other resources?

**Thoughts:** "The price of money, like other prices, is determined in the last resort by the subjective valuations of buyers and sellers." ---Ludwig von Mises

**Read:** Chapter 27: Interest, Rent, and Profit
WEEK 11: Why is there poverty in America?

Thoughts: "The political problem of mankind is to combine three things: economic efficiency, social justice, and individual liberty." ---John Maynard Keynes

Read: Chapter 26: The Distribution of Income and Poverty

WEEK 12: Why is government involved in regulation?

Thoughts: "The economist would like to introduce an "invisible hand" to pat the bureaucrat on the back when he acts in the correct manner; and possibly an invisible foot for a different part of the anatomy." ---Morris Perlman

Read: Chapter 28: Market Failure—Externalities, Public Goods, and Asymmetric Information
       Chapter 29: Public Choice--Economic Theory Applied to Politics

WEEK 13: Why do countries trade?

Thoughts: "There can be no trade unprofitable to the publick, for if any prove so, men leave it off; and whenever the traders thrive, the publick, of which they are part, thrives also." ---Sir Dudley North

Read: Chapter 30: International Trade

WEEK 14: What about the financial aspects of trade?

Thoughts: "Tariffs only raise the prices of things because they diminish the quantity offered in the market." ---Frederic Bastiat

Read: Chapter 31: International Finance

WEEK 15: What are the Effects of Globalization?

Thoughts: "It is difficult but not impossible to conduct strictly honest business." ---Mahatma Ghandi

Read: Chapter 32: Globalization

EXAM 3  EXAM 3  EXAM 3  EXAM 3