

**DALTON STATE COLLEGE**  
**PRINCIPLES OF MICROECONOMICS (Econ 2106)**  
**COURSE SYLLABUS: SPRING 2003**  
**Class Time: 18:10-19:25: TR: Section 30**

Instructor: Dr. Aref A. Hervani  
Office Room # 226 Memorial  
Office phone # 272-4509  
Email: ahervani@em.daltonstate.edu

Office Hours: W: 9:00-12 / 2:00-4:00 pm  
T & R: 9:00-10:30  
and by appointment

**Student Learning Outcomes**

The student shall be able to:

- 1 Understand an overview of the economy including microeconomics and macroeconomics and how the overview applies to the free enterprise system and the role of the government in the economy.
- 2 Demonstrate a knowledge of the measurement and use of national output, national income, the price level, aggregate demand, and aggregate supply and their impact on the problems associated with the business cycle: unemployment and inflation.
- 3 Describe and discuss the creation/destruction of money by the U.S. banking system, the role of money in our economy, and the role of the Federal Reserve in this process.
- 4 Apply macroeconomic theory to analyze the benefits and limits of fiscal policy and monetary policy approaches in correcting imbalances in the economy.
- 5 Present written and/or oral reports using critical thinking, economic data, economic theory.
- 6 Perform basic mathematics operations in economic analysis.
- 7 Comprehend and communicate data presented graphically and/or mathematically.
- 8 Gather data for basic research from various sources, including the computer and other forms of electronic media, such as the Internet.
- 9 Demonstrate knowledge and skills necessary for active citizenship.

**Required Textbook:** Hall & Lieberman, “Microeconomics: Principle and Application”, South-Western College Publishing, Updated Second Edition (2e), 2002. The textbook can be obtained from the bookstores.

**Recommended Textbook:** Hall & Lieberman, “Mastery Study Guide” that accompanies the second edition of " Microeconomics: Principle and Application" by Hall & Lieberman, 2002 and Prepared by Geoffrey A. Jehle.

**Course Description:** This course is designed to acquaint you with how markets do-and sometimes don't-deal with the problems of scarce resources and their uses. Most important, you will learn how to apply this knowledge to economic analysis and the relationships between economic changes and their consequences. By the end of the term, you have learned how to think like an economist. And successfully apply economic logic to problems that range from personal to world-wide issues. This course will help you to understand such issues as:

- How markets function; what determines price and quantity?
- What factors influence consumers' behavior?
- What affects firm's decision-making?
- Characteristics of perfect competition and imperfect market structures
- How market imperfections affect social welfare?

### **Course Requirements**

The grade for the course will be determined primarily on the basis of your performance on quizzes, class participation, discussions and class debates, term paper, three midterm examinations and the final exam.

The in-class midterm examinations are scheduled for *January 30<sup>th</sup>*, *February 27<sup>th</sup>*, and *April 8<sup>th</sup>*. A final exam is scheduled for May 6<sup>th</sup>. Final exam is comprehensive and it will include everything covered in the course.

Class participation requires attendance, and individual class discussions and participation. The exams contain multiple-choice (and possibly essay) questions. The essay questions may be conceptual or analytical in nature. Quizzes will be True/False or Fill-in Blanks. The final grade for the course will be determined as follows:

Midterm Exams I	15%
Midterm Exams II	15%
Midterm Exams III	15%
Final Exam	25%
Term Paper	20%
Class Participation /Discussions/ Debates	5%
Quiz	5%

**\* Exam dates and Course Lectures are subject to change**

### **Teaching Style and Other Sources of Help**

A summary of class notes is available for download from the course web sites. I strongly suggest that you obtain a copy of the notes and read the materials before coming into class. The web addresses are:

<http://www.daltonstate.edu/faculty/ahervani>  
<http://webct.usg.edu/webct/homearea/homearea>

Economic concepts are better understood if accompanied by exercises and problem solving. You should answer the questions in each *Study Guide* chapter in the Hall & Lieberman's textbook in order to improve your understanding of the concepts.

Class presentation includes lectures, group discussions, and group problem solving. Students are encouraged to work together in groups in and outside the classroom. This class relies on interactive learning by integrating technology into classroom.

### **Procedures and Policies**

A positive learning environment based upon open communication and mutual respect will be maintained in this course. Any suggestions as to how to further such an environment will be appreciated and given serious consideration.

Credit for make-up exams will be given only upon approval of the instructor prior to the exam. A student who misses a test will be allowed to take a make-up only if the student notifies the instructor or the Department (272-4507) in advance that he or she will miss the test. Proof of your reason for missing the exam-such as a doctors' excuse- must be provided.

- Exam dates and Course Lectures are subject to change.
- There will be no make-ups for Quizzes.

Class attendance is important and necessary element of active and effective learning and enables you to participate in class discussions. Therefore, class attendance is encouraged and is required from students. Students who fail to meet this condition are subject to the rules and procedures of the academic policies in regard to class absenteeism. Those students, who miss certain number of classes, will be removed from the Class List. If a student is absent from class to such an extent as to make the student's work inefficient or to impair the morale of the class, I reserve the rights to drop the student from that course with a grade of "F." The students who loose more than three classes, will not be qualified to earn any possible bonuses that maybe offered throughout the semester!

## Course Outline

**JANUARY, 2003**

Date	Topic	Required Reading
1/7	<p><b>What is Economics?</b></p> <p><i>Key Concepts:</i> Scarcity and choice, Microeconomics, Macroeconomics, Positive and Negative economics, Economic modeling, Assumptions, Self-interest, Tables and Graphs and interpretation.</p>	<b>Chapter 1</b>
1/9	<p><b>Scarcity, Choice, and Economic Systems:</b></p> <p><i>Key Concepts:</i> opportunity cost and society, Production Possibilities Frontier, Tradeoff, The opportunity cost, Efficiency, Production and productive efficiencies, Comparative advantage, Absolute advantage, Specialization and gains from trade, Resource allocation, Resource ownership, Economic systems.</p>	<b>Chapter 2</b>
1/14	<i>Scarcity, Choice, and Economic Systems-Continued:</i>	
1/16	<p><b>Supply &amp; Demand:</b></p> <p><i>Key Concepts:</i> The law of demand and supply, demand/supply schedules and curves, changes in demand and supply, market equilibrium, Complement, Normal and inferior goods, Preferences, Surplus, Shortage.</p> <p><b>Quiz I</b> (chapters 1 &amp; 2)</p>	<b>Chapter 3</b>
1/21	<i>Supply And Demand-Continued</i>	
1/23	<p><b>Working With Supply And Demand:</b></p> <p><i>Key Concepts:</i> Tax incidence, Tax incidence and elasticities of demand and supply, Excess burden, Rent ceiling, Price ceiling, Black market, Minimum wage law, price floor, Price elasticity of demand, price elasticity of supply, Elastic and Inelastic demand and supply, Slope and Elasticity, Total revenue and elasticity, determinants of elasticities, elasticity, Cross elasticity of demand.</p>	<b>Chapter 4</b>
1/28	<p><i>Working With Supply And Demand-Continued</i></p> <p><b>Quiz II</b> (chapters 3 &amp; 4)</p>	
1/30	<b>Exam I: (Chapters 1, 2, 3, 4)</b>	

**FEBRUARY, 2003**

<b>Date</b>	<b>Topic</b>	<b>Required Reading</b>
2/4	<p><b>Production and Cost:</b></p> <p><i>Key Concepts:</i> Explicit and Implicit costs, Economic depreciation, Normal profit, Economic profit, Total, Marginal and Average products, Cost curves (TC, TFC, TVC, MC, AFC, AVC, ATC), Economies and diseconomies of scale.</p>	<b>Chapter 6</b>
2/6	<p><i>Production and Cost-Continued</i></p> <p><b>How Firms Make Decisions: Profit Maximization:</b></p> <p><i>Key Concepts:</i> Accounting and Economic profits, Demand constraint, Cost constraint, MR/MC Approach to profit maximization, TR/TC Approach, Short-run and shut-down rule, Long-run and the exist decision, Normal profit.</p>	<b>Chapter 7</b>
2/11	<i>How Firms Make Decisions: Profit Maximization-continued</i>	
2/13	<p><b>Perfect Competition:</b></p> <p><i>Key Concepts:</i> Market types, price taker, revenue concept, perfect competition, profit maximizing output, short-run versus long-run profit maximization, marginal cost, marginal revenue, entry and exits, long-run demand and supply curves, perfect competition and efficiency, and gains from.</p> <p><b>Quiz III</b> (chapters 6 &amp; 7)</p>	<b>Chapter 8</b>
2/18	<i>Perfect Competition-Continued</i>	
2/20	<p><b>Monopoly:</b></p> <p><i>Key Concepts:</i> Barriers to entry, natural monopoly, legal monopoly, single-price monopoly, price-discriminating monopoly, price and marginal revenue, rent seeking, perfect price discrimination, price discrimination efficiency, marginal and/or average cost pricing rule.</p>	<b>Chapter 9</b>
2/25	<i>Monopoly-Continued</i>	
2/27	<b>Exam II: (Chapters 6, 7, 8, 9)</b>	

**MARCH, 2003**

<b>Date</b>	<b>Topic</b>	<b>Required Reading</b>
3/3-3/8	Spring Break Holidays: No Class	
3/11	<p><b>Monopolistic Competition and Oligopoly:</b></p> <p><i>Key Concepts:</i> Monopolistic competition, product differentiation, four-firm concentration ratio, Herfindahl-Hirschman index, capacity output (excess capacity), Oligopoly, collusion and cartel, game theory, prisoners' dilemma, Nash equilibrium, kinked demand curve.</p>	<b>Chapter 10</b>
3/13	<i>Monopolistic Competition and Oligopoly-Continued</i>	
3/18	<i>Monopolistic Competition and Oligopoly-Continued</i>	
3/20	<p><b>The Labor Market:</b></p> <p><i>Key Concepts:</i> Factor price, labor market, derived demand, value of marginal product (MVP), Labor demand curve, labor supply curve, The Income-Leisure Trade-Off, Human Capital, Labor Market equilibrium, Labor shortages and surplus, Economic rent.</p>	<b>Chapter 11</b>
3/25	<i>The Labor Market-Continued</i>	
3/27	<p><b>Economic Efficiency &amp; The Competitive Ideal:</b></p> <p><i>Key Concepts:</i> Efficiency, Pareto Improvements, Elements of efficiency, Productive efficiency, Allocative efficiency, Efficiency an perfect competition, Inefficiency of imperfect competition.</p> <p><b>Quiz V</b> (Chapters 10 &amp; 11)</p>	<b>Chapter 14</b>

**APRIL, 2003**

<b>Date</b>	<b>Topic</b>	<b>Required Reading</b>
4/1	<i>Economic Efficiency &amp; The Competitive Ideal-continued</i>	
4/3	<i>Economic Efficiency &amp; The Competitive Ideal-continued</i>	
4/8	<b>Exam III:</b> (Chapters 10, 11, & 14)	
4/10	<p><b>Government's Role In Economic Efficiency:</b></p> <p><i>Key Concepts:</i> The legal system, Property law, Antitrust law, Regulation, Taxation, Excise taxes, The income tax, Market failures, Natural monopoly, MC pricing, AC pricing, Externalities, Public Goods, Monopoly, Deadweight loss. Regulation in public interest, Rate of return regulation, Incentive regulation and deregulation.</p> <p><b>TERM PAPER DUE</b></p>	<b>Chapter 15</b>
4/15	<i>Government's Role In Economic Efficiency-Continued</i>	
4/17	<i>Government's Role In Economic Efficiency-Continued</i>	
4/22	<p><b>Comparative Advantage And The Gains From Trade:</b></p> <p><i>Key Concepts:</i> Balance of trade, Gains from trade, Specialization, The opportunity cost, Comparative advantages, Absolute advantage, International trade, Consumer and producer surplus, Tariffs, Import quotas, and net effects of trade on social welfare, the case against protection.</p>	<b>Chapter 16</b>
4/24	<p><i>Comparative Advantage And The Gains From Trade-continued</i></p> <p><b>Quiz V</b> (Chapters 15 &amp; 16)</p>	
4/29	Review For Final Exam	

**Important Dates:**

<b>Events</b>	<b>Dates</b>
Exam I:	January <b>30<sup>st</sup></b>
Exam II:	February <b>27<sup>th</sup></b>
Exam III:	April <b>8<sup>th</sup></b>
Term Paper	April <b>10<sup>th</sup></b>
Final Exam:	May <b>6<sup>th</sup></b>

Footnotes:

- \* No Make-up for Final Exam will be given
- \* Late assignments will be penalized

**Course Grade Distribution**

90-98	A
80-89	B
70-79	C
60-69	D
59 AND BELOW	F

**Instructor: Dr. A. A. Hervani**

**January 7, 2003**

**DALTON STATE COLLEGE  
PRINCIPLES OF MICROECONOMICS (Econ 2106)  
TERM PAPER: FALL 2003**

**Term Paper**

A project must be completed by each student in the class. The general objective of this assignment is to help you apply certain important concepts which you will learn in this class. For the project, you will need to:

1. Choose any company whose stocks are traded in the New York Exchange. Make sure that the company has the its own web page.
2. Present a detailed profile (not to exceed one page) for the company (name of company, number of employees, headquarters location, type of business, rang of products or services, 2001/2002 sales, 2001/2002 market shares, 2001/2002 profits or losses, and etc.). Good sources of information are: Standard and Poor's publications, corporate annual reports, trade publications, and on-line resources.
3. Visit the web site of the company. Write a brief summary of the information available. What did you like most about the site? What did you like least about the site?
4. Collect the closing price of the company's stock for every Tuesday and Friday starting **January 10** and ending **April 4**. Graph the closing stock price over time. What happened to the stock price of the company during this period? Try to explain any significant fluctuations in stock prices.
5. In what market structure does the company operate (i.e., competitive; oligopolistic; monopolistic competition or monopoly)? Explain. How does the market structure influence the firm's behavior?

Your final report needs to be typed and a minimum of 7 double-spaced pages (not including the cover page, appendices, and bibliography). If you decide to include any charts, diagrams, or tables, it must be placed at the end of your paper in an appendix (before the bibliography) and appropriate references within the paper. Also make sure that:

- your report is logical, organized and coherent,
- punctuation is correct.
- your report is free of awkward, confusing language and mechanical errors.

**Deadline:**

**The final report is due on April, 10<sup>th</sup>. Late reports will not be accepted**

## **The Organization of your paper:**

First, you will identify and collect data on the economic indicators such as GDP or unemployment rate and use this data to determine the health of the economy and further elaborate on the current state of the economy. Once you have identified the variables that are commonly used to measure the state of the economy, then you will use this knowledge to take on the analysis to the second part of your paper.

Second, you will utilize this information and integrate it to service learning pedagogy. Service Learning is a teaching pedagogy that connects classroom learning with the community by utilizing course concepts in addressing community issues.

Your paper must be typed and a minimum of 7 pages (double-spaced pages) not including the cover page, appendices, and bibliography. If you decide to include any charts, diagrams, or tables, they must be placed at the end of your paper in an appendix (before the bibliography) and appropriately referenced within the paper.

## **Format of Paper**

The paper must have the following format:

1. Cover Page: Title, Name, Date, etc.
2. Body of Paper:
  - (i) Introduction
  - (ii) Main Body
  - (iii) Conclusion
3. Appendices: If you have any charts, tables, etc., you place them here.
4. Bibliography: An appropriate listing of all the sources you have used in writing your paper.

Here are some of the things that I will be expecting while I will be grading your essays:

- The title indicates the main point of the paper and creates interest
- The paper has a clear thesis/purpose
- The opening sentence catches the reader's attention
- Each paragraph contains one clear idea stated in a topic sentence
- The idea in each paragraph is well developed with logical support for the topic sentence
- The ideas are sound
- Transitions are smooth and make sense
- The paper is logical (organized and coherent)
- The ending is effective in "reaching a conclusion"
- Punctuation is correct

## Syllabus Informational Statements

### Disability Support Services Statement

Students with disabilities should contact the ACE Center to request reasonable accommodations for academic programs and other activities of Dalton State College. Students must personally request services and provide adequate documentation that explains the disability. Please allow a minimum of five business days for approved accommodations to be arranged. Disability Support Services is located in the ACE Center on the lower level of the Pope Student Center. Students who are unable to come to the ACE Center to request services should contact 272-2524 or e-mail [mandrews@em.daltonstate.edu](mailto:mandrews@em.daltonstate.edu) for assistance.

### Workforce Development Statement

If a student receiving aid administered by the DSC Workforce Development Department drops this class or complete withdraws from the College, the Add-Drop/Withdrawal form must be taken to the Workforce Development Office first. The office is located in the Technical Education Building, Room 140 and their hours are 9:00 a.m.-12:15 p.m. and 1:30 p.m.-3:00 p.m., Monday, Tuesday, and Thursday, and 8:30 a.m.-12:00 noon on Friday. Their phone number is 272-2635.

### Drop/Withdrawal Statement

The last day to drop this class without penalty is WEDNESDAY, OCTOBER 30<sup>TH</sup>, 2002. You will be assigned a grade of **W**. After this date, withdrawal without penalty is permitted only in cases of extreme hardship as determined by the Vice President for Academic Affairs; otherwise a grade of **WF** will be issued. Students who wish to drop this class or withdraw from all classes should go to the

Enrollment Services Office in Westcott Hall to complete the necessary form. Students who fail to complete the official drop/withdrawal procedure will receive the grade of **F**. **Withdrawal from class is a student responsibility**. Before dropping any class, the college **strongly advises** that students meet with their academic advisor and their instructor to discuss the impact of a withdrawal on their graduation plans. The college also **strongly advises** students who are receiving any type of financial aid to visit the Financial Aid Office in Pope Student Center to discuss the impact a withdrawal may have on their financial aid status. The grade of **W** counts as hours attempted for the purposes of financial aid.

### Division Contact Information Statement

“Communication through email is a significant element of this course and the instructor reserves the right to notify students of changes in assignments through email alone. In addition, students are expected to keep College informed of changes in status or contact information. For these reasons as well as the obvious

benefits of fully utilizing the available information technology, I will only use email addresses downloaded from the BANNER system. Email and other student information can be reviewed and updated by accessing Banner Online through the DSC website <http://www.daltonstate.edu/>. Please make sure your email address(es) are properly entered before the second class meeting.”