

Econ3100 Microeconomics

1. Course Number and Title: Econ3100, Microeconomics

2. Course Description: The overall purpose of this course is to introduce the student to the concept of a market economy and to investigate how scarce resources are allocated under a price mechanism. Models of supply, demand, and market structure are employed to show how the interaction of consumers and producers results in the variety of goods abundantly available in a free-enterprise economy.

Within this general objective, there is room to examine how interferences with the price system, by public or private actors, diminish the ability of the price system to lead to maximum human well-being. In addition, the course addresses the role of marketplace incentives in furthering and directing economic growth.

3. Course Goals: Because it is highly efficient in allocating scarce resources, the free-market system is often taken for granted by those who participate in it. The primary aim of this course is to reveal the dynamics of human behavior, which underlie the workings of the price mechanism. As such, it will allow those in policy-making positions to anticipate the effects of programs and legislation attempting to modify market outcomes.

4. Course Learning Outcomes: Beginning with the framework of a supply-and-demand model, the course proceeds to address concepts of equilibrium pricing, shifts in supply and demand, and market failure. The technique of marginal analysis is also applied to labor and capital markets. Upon completion of the course, the student will be able to:

1. Express what economists mean by the concept of scarcity
2. Explain the importance of exchange.
3. Predict a change in market outcomes given a change in supply or demand
4. Explain the concept of market equilibrium
5. Evaluate situations according to the standard of Pareto Optimality
6. Classify goods as either public goods or private goods in relationship to the free rider problem
7. Identify the determinants of demand
8. Derive the market demand function
9. Articulate the relationship between total, fixed and variable costs
10. Explain how the pursuit of profit leads to efficient outcomes
11. Account for the differences in market outcomes between perfect and imperfect competition
12. Use marginal productivity theory to explain the distribution of income
13. Demonstrate the effect of labor market discrimination on wage rates
14. Calculate the net present value of an investment opportunity
15. Identify the major sources of economic growth
16. Predict the effect of government intervention on the economic growth process

5. Course Concepts:

1. Market Equilibrium
2. Elasticity
3. Pareto Optimality
4. Market Failure
5. Income Distribution
6. Economic Growth

6. Required Text:

Gwartney, James D., Richard Stroup, Russell S. Sobel and David Macpherson, *Economics: Private and Public Choice* (Xtra! CD-ROM edition) Fort Worth: . 10th ed., 2002. ISBN 0-03-034482-4. Cost: New \$119. Used \$88.

The Xtra! CD-Rom comes with the textbook and provides you with access to a full set of additional online learning tools found at the site. It includes The Graphing Workshop, Frequently Asked Questions videos, CNN application videos, and additional self-testing opportunities.

7. Recommended Readings: *Three books are highly recommended*

(1) Strongly recommended, but out of print. Available used from most online bookstores-- Coursebook/Study Guide to Accompany "Economics: Private and Public Choice, 10ed, ISBN: 0-030344131 Prepared by Russell Sobel, West Virginia University. Cost: Used \$29.

The Course book for this edition was prepared by coauthor Professor Russell Sobel and is available in three versions: economics, microeconomics, and macroeconomics. You will want the one for "economics." Each includes numerous multiple choice, true/false, and discussion questions permitting students to self-test their knowledge of each chapter. Each chapter also contains problem and project exercises and a set of short readings that compliment the classroom teaching of important topics. Price = \$ 34.16. Available from Southwestern Publishing Company at:

<http://www.swcollege.com/bef/economics.html>

(2) Additionally, you will find that David Friedman's The Hidden Order: The Economics of Everyday Life (New York: HarperCollins Publishers, 1997); ISBN: 0887308856; (September 1997), cost \$10.50 in paperback, is not only pleasant and even delightful reading, but is a very good way to 'test your understanding' of the nature of economics, and particularly of microeconomics and the economic way of thinking.

(3) Another work that conveys the essence of economics in non-technical prose is Steven E. Landsburg's The Armchair Economist. Touchstone Books; ISBN: 0029177766; Reprint edition (February 1995) Cost: \$12.00.