

ECON 1200 PW1 – Basic Microeconomics

Fordham University

Summer 2019

Instructor: Gerard Del Giacco (gdelgiacco@fordham.edu)

Office Hours and Location: By appointment; Dealy Hall E-545 or via WebEx

Course Description and Objectives: This course introduces students to the fundamentals of microeconomics, the branch of economics that examines the behavior of individual decision-makers, such as consumers and business firms. Upon completion of this course, students should be able to: perform supply and demand analysis to examine the impact of economic events on markets; recognize market failures and the role of government in dealing with those failures; analyze the behavior of consumers in terms of the demand for products; evaluate the factors affecting firm behavior, such as production and costs; analyze the performance of firms under different market structures; explain how factor markets work; utilize economic reasoning to understand and evaluate controversial issues and policies.

Required Textbook: Mankiw, N. Gregory. *Principles of Microeconomics*, 8th ed. (ISBN: 978-1305971493)

Content Delivery: All course materials are accessible within the content modules on Blackboard. Lessons consist of textbook readings and narrated lecture slides. For each chapter, there will be suggested problems for you to solve as homework. These problems are not graded; it is your responsibility to complete all problems and check your understanding using the provided solutions. Each chapter will be followed by a quiz, and selected modules will include questions for discussion. In order to receive full credit for each discussion, you will need to post an original response to the question and reply to at least two of your classmates' posts.

Grading Criteria: The course grade will be determined by chapter quizzes, participation in discussion forums, a midterm exam, and a final exam, according to the following percentages:

Quizzes	15%
Participation	20%
Midterm Exam (July 2)	30%
Final Exam (August 6).....	35%

Grading Policies: Assignments submitted after their respective due dates will not be accepted for credit. If you have a conflict with an exam date, you must notify me during the first week of the course; otherwise, there will be no make-up exams. Extra credit will not be offered on an individual basis; the same opportunities will be provided to all students.

Academic Integrity: Students are expected to read and understand the University's policy on academic integrity in the student handbook. There will be zero tolerance for academic dishonesty. Any student caught engaging in such behavior will be reported according to the University's standard procedure.

Disability Services: If you are a student with a documented disability and require academic accommodations, you need to register with the Office of Disability Services for Students (ODS) in order to request academic accommodations for your courses. Please contact the main ODS office at Rose Hill at 718-817-0655 to arrange services.

Course Outline: Readings and Key Concepts

Module 1: Introduction to Economics (Weeks 1 and 2)

- *Ten Principles of Economics*: scarcity; efficiency vs. equality; opportunity cost; marginal cost and marginal benefit analysis; incentives; market economy; market failure. **Chapter 1**
- *Thinking Like an Economist*: economic models; assumptions; theories, evidence, and policy advice; circular-flow diagram; production possibilities frontier; positive vs. normative statements. **Chapter 2**
- *Interdependence and the Gains from Trade*: absolute advantage; comparative advantage; specialization; terms of trade; imports and exports. **Chapter 3**

Module 2: How Markets Work (Weeks 3 and 4)

- *The Market Forces of Supply and Demand*: competitive markets; law of demand; determinants of demand; normal and inferior goods; substitutes and complements; law of supply; determinants of supply; market equilibrium; surplus and shortage; comparative statics. **Chapter 4**
- *Elasticity and Its Application*: price elasticity of demand; total revenue test; income elasticity of demand; cross-price elasticity of demand; price elasticity of supply. **Chapter 5**
- *Supply, Demand, and Government Policies*: price ceilings and price floors; taxes on buyers and sellers; elasticity and tax incidence. **Chapter 6**

Module 3: Markets and Welfare (Week 5)

- *Consumers, Producers, and the Efficiency of Markets*: willingness to pay; consumer surplus; willingness to sell; producer surplus; total surplus; allocative efficiency. **Chapter 7**
- *The Costs of Taxation*: tax revenue; deadweight loss; Laffer curve. **Chapter 8**

..... **Midterm Exam**

Module 4: Costs of Production and Perfect Competition (Weeks 6 and 7)

- *The Costs of Production*: explicit and implicit costs; economic profit vs. accounting profit; production function; diminishing marginal product; total, fixed, and variable costs; average and marginal cost; cost curves; economies and diseconomies of scale. **Chapter 13**
- *Firms in Competitive Markets*: average and marginal revenue; profit maximization; shutdown; sunk cost; entry and exit; short-run and long-run equilibrium; efficient scale. **Chapter 14**

Module 5: Monopoly and Imperfect Competition (Weeks 8 and 9)

- *Monopoly*: market power; barriers to entry; natural monopoly; relationship between price and marginal revenue; profit maximization; welfare cost of monopoly; price discrimination; public policy toward monopolies. **Chapter 15**
- *Monopolistic Competition*: imperfect competition; product differentiation; short-run and long-run equilibrium; monopolistic vs. perfect competition; excess capacity; markup over marginal cost; advertising; brand names. **Chapter 16**
- *Oligopoly*: game theory; duopoly; collusion and cartels; Nash equilibrium; prisoners' dilemma; dominant strategy; antitrust policy. **Chapter 17**

Module 6: Factor Markets and Consumer Choice (Week 10)

- *The Markets for the Factors of Production*: derived demand; marginal revenue product; labor demand and labor supply; equilibrium wage and employment; monopsony; markets for land and capital; linkages among the factors of production. **Chapter 18**
- *The Theory of Consumer Choice*: budget constraint; indifference curves; marginal rate of substitution; consumer optimization; income and substitution effects; derivation of demand; Giffen goods; work-leisure decision; consumption-saving decision. **Chapter 21**

..... **Final Exam**