

**ECON 310
Principles of Microeconomics
Section 1676-02
Fall 2018****INSTRUCTOR INFORMATION**

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TIME/PLACE

Term Dates: August 27, 2018 – December 10, 2018
Weekly Class Meeting: Mondays 3 – 5:55PM
Classroom: Bell Tower 1462
Office: Sage Hall # 2042 Ext. #8599
Office Hours: Mondays 7:30 to 9: A.M and 6 to 7:30 P.M.--“by Appointment”

Course Description:

The course covers the major areas of microeconomic theory: optimal allocation of resources, consumer demand, decision-making under uncertainty, production and costs, game theory, product markets (both competitive and imperfectly competitive), factor markets, and externalities and market failures. The course emphasizes real world applications of microeconomic theory to issues surrounding the private and public sectors. Examples include price elasticity and product pricing, technological change, firm behavior, consumer and producer welfare (consumer surplus and producer surplus), internalizing social costs of private policies, monopoly and resource allocation.

Program Learning Goals: These are the skills we try to help you build in all MVS courses

1. Critical Thinking
2. Oral Communication
3. Written Communication
4. Collaboration
5. Conduct (Ethics)
6. Competency in Discipline

Student Learning Objectives:

- Understand and apply basic tools in business decision making (1)
- Identify business objectives; profit maximization and cost minimization (1,3)
- Apply sensitivity analyses in business decisions by using concept of elasticity (1,6)
- Identify positive and normative methods of analysis. (1,6)
- Derive and interpret the optimality conditions for the constrained optimization problems faced by consumers and producers. (1,6)
- Identify the key factors affecting demand and supply (1,3)
- Incorporate risk considerations as part of business optimal decision-making. (1)
- Determine the efficiency implications of various forms of market structure. (1,5)
- Project the economic consequences of business decisions or policy changes from the short run to the long run. (1, 3, 5)
- Identify circumstances where markets may fail and forecast likely outcomes of such failures. (1,5)
- Analyze government solutions to market failures. (1)
- Make an effective oral presentation (using PowerPoint) (2)

Prerequisites: Economics 110 and 111 and Mathematics 140 (or 150).

Required Text: Intermediate Microeconomics, Walter Nicholson and Christopher Snyder, 2015. **Publisher:** Cengage Learning.

Homework

Homework problems will be assigned regularly. The homework assignments count as 15 percent of the final class grade. Each assigned problem set will be worth 4 points and will be counted toward your final grade. These assignments are due in class on the day indicated. Late assignments would only receive 2 points (out of 4 points).

Oral Presentation Assignment

To help you develop oral communication skills, you will make a 10-minute presentation on topics described in course description or any related topics discussed in the class. Your grade will depend on how clearly you present your topic, how you answer the questions posed by your classmates, and on the quality of your PowerPoint slides. You also need to summarize your analyses and findings in a two pages report. Your report is due a week before the Final Exam.

Examinations

There will be two mid-term exams given on Monday **October 1st and November 5th**. The final exam will be given at the scheduled time (**December 10**). Mid-term and final exams contain multiple choice and problems. Some of the equations required to do the problems are provided on the test or on the blackboard. Your grade will be based on your average score.

Grading **Semester's Grade Determination**

50%	Two mid-term exams
20%	Final Exam
15%	Homework
15%	Presentation and Report

The following scale will be used to determine the letter grade:

<u>Percentage</u>	<u>Letter grade</u>
95 – 100%	A
90 – 94.9	A-
87 – 89.9	B+
83 – 86.9	B
80 – 82.9	B-
77 – 79.9	C+
73 – 76.9	C
70 – 72.9	C-
67 – 69.9	D+
63 – 66.9	D
60 – 62.9	D-

Incompletes and Late Withdrawal

Incomplete grades will only be awarded under extraordinary circumstances. Not doing well in the course does not constitute an extraordinary circumstance. To avoid being assigned failing grades, students who decide not to complete the class must withdraw themselves from the class in accordance with the procedures described in the University catalog.

Drop Policy

According to University policy, non-attendance does not constitute withdrawal; to withdraw from this class you must file a drop form with the University. If you fail to attend this class, and you do not formally drop the class, a "WU" (unauthorized withdrawal), the equivalent of a failing grade, will be recorded.

Academic Dishonesty

University rules prohibit cheating, fabrication, facilitating the academic dishonesty of another student, and plagiarism. In accordance with the CSU Channel Islands policy on academic dishonesty, students in this course who submit the work of others as their own (plagiarize), cheat on tests and examinations, help other students cheat or plagiarize, or commit other acts of academic dishonesty will receive appropriate academic penalties, up to and including failing the course.

Course Outline and Chapter Assignments
Tentative Course Schedule:

1. Introduction: Economic Models and Optimization Calculus **Chp. 1, Aug. 27**
Economic Models and (Appendix 1A)

2. Utility and Choice **Chp.2, Aug.27**
Utility maximization and choice, and budget constraint

September 3rd. Labor Day Holiday

3. Demand Curves **Chp. 3, Sep.10**
Substitution and income effects
Price and income elasticity

4. Production **Chp. 6, Sep.17**
Production functions and optimal allocation of inputs

5. Cost **Chp. 7, Sep.24**
Cost functions and cost minimization

First Mid-Term Exam (Chp. 1-3, 6 &7)
October 1st

6. Profit maximization and supply **Chp. 8, Oct.8**
Output decisions from total revenue and total cost functions

7. Perfect competition **Chp. 9, Oct.15**
Price determination in single market under both short-run and long-run

8. Monopoly **Chp. 11, Oct.22**
Market power and price discrimination

9. Imperfect competition **Chp.12, Oct. 29**
Monopolistic competition, Oligopoly, and game theory

Second Mid-Term Exam (Chp. 8 and 9, 11 and 12)
November 5th

November 12th. Veterans Day Holiday

10. Capital and time **Chp.14, Nov. 19**
Interest rates, time value of money, and discount rate

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| 11. Asymetric Information
Moral Hazard and Adverse Selection
Principal-Agent Model | Chp.15, Nov. 26 |
| 12. Externalities and Public Goods
Market failure and internalizing the external costs
Cost & Benefits of Environmental Policies | Chp.16, Nov. 26 |
| 13. Externalities and Public Goods; Final Review | Chp.16, Dec. 3rd |

Final Exam (Chp. 14, 15-16)
December 10th

Please note that the above schedule is subject to change by the instructor due to time constraints. I highly recommend that students come to attend each class. There will be a certain amount of overlaps between textbooks and lectures notes and I will emphasize and recap the parts that I think are most important and these are most likely to show up in the exams. Sometimes, I will discuss the problem sets and go over your questions.

In addition, I strongly suggest that you complete problem sets on your own before reading the solutions. Since it will always be helpful if you try to think about and write down your own answers and compare these with the correct solutions. The exams problems are similar to the problems that you have solved before. Textbooks and course materials are complementing each other. Due to our limited class time, we are not able to cover everything useful, so this makes textbooks a good complement with which you can verify understandings of lecture.