

## **DEPARTMENT OF ECONOMICS AND INTERNATIONAL BUSINESS**

### **Economics 3357 Intermediate Microeconomics**

**Spring 2018, 12:30-1:50 pm TT**

**PREREQUISITES:** ECO 2300 or ECO 2302

**INSTRUCTOR:** Donald Bumpass

Office: Smith-Hutson 241C

Office Hours: M-Th 10–11 a.m. and by appointment

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**REQUIRED TEXT:** Robert Pindyck and D. Rubinfeld, Microeconomics, 8<sup>th</sup> edition, Prentice Hall, 2013. Other editions of Pindyck and D. Rubinfeld will be acceptable with only page numbers and updated figures being different.

Suggested Supplements: Wall Street Journal, The Economist.

**COURSE DESCRIPTION:** Pricing and output policies of firms, factor pricing, and distribution under condition of perfect competition, monopoly, oligopoly, and monopolistic competition.

#### **COURSE OBJECTIVES:**

1. Develop the method and subject matter of microeconomics;
2. Analysis of the workings of a market economy and examine the effects of market structures on the behavior of the firm;
3. Develop an understanding of how a price system operates to allocate resources;
4. Also, develop an understanding of the limitations of a market economy.

This course will (with your cooperation) provide you with a sound theoretical framework for understanding the economic system in which you must function as a consumer, employee, investor and manager. This theoretical framework will, in turn, provide you with some ability to explain the operation of individual markets and the market economy. Also, this framework will provide some capacity to predict the consequences of alternative events and decisions made by individuals, business managers, and government. This ability to predict is, of course, essential to sound decision making.

Good theory is very practical, so this course will emphasize theory, and without apology. Along the way, numerous applications demonstrating the explanatory and predictive power of microeconomic theory will be encountered.

## **EXPECTATIONS:**

You are expected to: (1) carefully study the assigned reading material prior to each class; (2) attend class regularly and take notes; (3) work through the assigned review questions and assigned problems at the end of each chapter; (4) carefully review all relevant course material prior to each quiz and test, and (5) seek the assistance of the instructor when it is needed. As I prepare the quizzes and tests, I will assume that all of these expectations have been fulfilled.

## **COURSE EVALUATION PROCESS:**

### **Tests:**

There will be three (3) tests during the term. Tests 1 and 2 will be worth 100 points each and may include essay-type questions, problems, and objective questions. The final examination will be worth 150 points, including approximately 50 points of comprehensive material.

### **Quizzes:**

During the term (5) take home quizzes will be assigned. The quizzes will have a total value of 125 points. Ten points will be deducted for each day the quiz is late. The instructor reserves the right to assign quiz material to be completed "in class."

### **Make-up Test:**

In the event that a student is absent for a scheduled test, a single COMPREHENSIVE ESSAY, makeup test will be given toward the end of the semester. Makeup tests will contain both multiple choice and short answer questions.

### **Attendance:**

Regular and punctual class attendance is expected; tests and quizzes are based on class presentations and also from text materials. Students can earn a maximum of 25 points based on class attendance. Points will be assigned as follows:

Classes Missed	Points
0-2	25
3	15
4	5
5 or more	0

## **COURSE GRADE:**

Final grades will be based on the percentage of total points obtained during the term. Averages will be determined as follows:

40% - two (2) tests  
30% - comprehensive final test  
25% - five (5) quizzes  
5% - attendance

Letter grades will be assigned in the following manner:

90% and above	A
80% to 89%	B
70% to 79%	C
60% to 69%	D
Below 60%	F

**University policies for students:** <http://www.shsu.edu/syllabus/>

## **RULES FOR CLASS CONDUCT (INCLUDING CELL PHONES AND ELECTRONIC DEVICES)**

The use by students of electronic devices that perform the function of a telephone or text messenger during class-time may be prohibited if deemed disruptive by the instructor to the conduct of the class. Arrangements for handling potential emergency situations may be granted at the discretion of the instructor. Failure to comply with the instructor's policy could result in expulsion from the classroom or with multiple offenses, failure of the course.

Any use of a telephone or text messenger or any device that performs these functions during a test period is prohibited. These devices should not be present during a test or should be stored securely in such a way that they cannot be seen or used by the student. Even the visible presence of such a device during the test period will result in a zero for that test. Use of these devices during a test is considered de facto evidence of cheating and could result in a charge of academic dishonesty.

**Students are not allowed to use cell phones in class.** Please turn them off as you enter the classroom and keep them stored out of sight. To maintain a proper academic learning environment in the classroom, here are some rules:

- **ALL cell phones and electronic devices are to be turned OFF and put away** so there will be no phones going off or be seen out, as well as no web surfing, instant messaging or texting during the class period.
- Do not read newspapers or other materials during class.
- Do not work on any other class assignments during the class.

- Don't make conversation with your neighbors during class. This bothers everybody else. Save the chatter for after class. If you have something to contribute to lecture, please raise your hand until you are acknowledged.
- Students who sleep in a class or read non-class materials in class disrupt the course. There is a great difference between "active listening" and ignoring the activities of a class session.

**Violations of any of the above will result in points being deducted (2.5 points deducted for each violation) from your class point total at the discretion of Professor Bumpass.**

## **ECONOMICS 3357, INTERMEDIATE MICROECONOMICS, COURSE OUTLINE**

Spring 2018

Week	Date	Chapters	Topics
1	1.18	1	Introduction to Microeconomics
2	1.23-1.25	2	Supply and Demand, Elasticity
3	1.30-2.1	3, 4*	Consumer Choice, Demand, Market Demand
4	2.6-2.8	5*	Using Consumer Theory, Efficiency
5	2.13-2.15	Test 1	Chapters 1-5, class notes
6	2.20-2.22	6*	Firms and Production
7	2.27-3.1	7*	Costs
8	3.6-3.8	8*	Competitive Firms and Markets
	3.12-3.16		Spring Break
9	3.20-3.22	9*	Applying the Competitive Model
10	3.27-3.29	Test 2	Chapters 6-9, class notes
11	4.3-4.5	10, 11	Monopoly, Monopoly Power
12	4.10-4.12	12*	Monopolistic Competition & Oligopoly
13	4.17-4.19	13*	Markets with Information Issues
14	4.24-4.26	14*	Markets for Factor Inputs, income inequality
15	5.1-5.3	17*, 18*	Externalities, Asymmetric Information
16	5.7-5.10	Test 3	Final Examination Week: Eco 3357, Tuesday, 5.8.2018, 1:00-3:00 p.m. Chapter 10-17, class notes and selected comprehensive material *indicates that only portions of chapters will be covered

## **OUTLINE FOR ECONOMICS 3357, Spring 2018**

### **I. Introduction**

- A. Class Organization - Course Syllabus
- B. The Approach of Microeconomics

### **II. Microeconomics and Markets**

- A. What Microeconomics is All About
- B. Demand and Supply Framework
  - 1. Consumer Choice
  - 2. Individual and Market Demand

### **Test 1**

### **III. Firms and Production**

- A. Ownership and Management
- B. Relationship between Inputs and Outputs
  - 1. Short-run
  - 2. Long-run
- C. Relationship between Production (Outputs) and Costs
  - 1. Short-run
  - 2. Long-run

### **IV. Profit Maximization and Competitive Supply**

#### **Analysis of Competitive Markets**

- A. Review of Consumer Welfare and Producer Welfare (consumer surplus and producer surplus)
- B. Efficiency of a Competitive Market (10)
- C. Applications

### **Test 2**

## V. Market Power and Market Structure

A. Monopoly

B. Pricing with Market Power

C. Monopolistic Competition

D. Oligopoly

## VII. Markets with Factor Inputs (Labor, etc.)

## VIII. Markets with Asymmetric Information, Externalities and Market Failure

Test 3