



SAN IGNACIO
UNIVERSITY
MIAMI, USA

Date		Credits	3
Course Title	Principles of Microeconomics	Course Number	ECO 2023
Pre-requisite (s)	None	Co-requisite (s)	None
Hours	45		

Place and Time of Class Meeting

San Ignacio University
3905 NW 107 Avenue, Suite 301
Miami, FL 33178

Name and Contact Information of Instructor

Book required

(San Ignacio University recognizes the use of the textbook in the classroom as part of the educational methodology and strategy applied in diverse materials. The textbook is part of the curriculum and is used to reach the student in an effective manner in the classroom. Every student is expected to acquire and use the textbook.)

Microeconomic Theory: Basic Principles and Extensions, 11th Edition
Nicholson & Snyder
©2012 | Cengage Learning | Published: 06/23/2011
ISBN-10: 1111525536 | ISBN-13: 9781111525538

Classroom expectations for students

Attendance Policy

Students are expected to attend all scheduled university classes for the courses that they are registered for and to achieve the goals set forth by each class instructor. Attendance is taken daily. Enrolled students are permitted no more than **2** “free” absences in one semester. Students missing **3-5** classes over the course of the semester will receive a one-letter grade deduction from their final course grade; missing more than **6** classes will result in failure of the course regardless of grade average. It is the student's responsibility to arrange to make up work missed because of an absence.



Student Tardiness Policy

A student is considered tardy/late if he/she comes to class 15 minutes late. With three tardies the student accumulates one full absence. If the student misses half of the class period, it is a full absence. When a student has more than 6 tardies, the instructor will contact the San Ignacio University Coordinator of Student Affairs and Academic Department and request an intervention session with the student. The goal of the intervention session is to develop and implement an intervention program to help students learn new ways to save and manage time.

NOTE: Plagiarism is defined as the use, without proper acknowledgment, of the ideas, phrases, sentences, or larger units of discourse from another writer or speaker. Plagiarism includes the unauthorized copying of software and the violation of copyright laws. Students who commit plagiarism will obtain a grade of “Failure” on their exam or assignment.

Course Description (must correspond exactly to Catalog description)

The purpose of this course is to study the different economic models, the relationship between consumers, firms and markets. In addition, the students will understand how the government regulates the economy and how it intervenes in the market.

Learning Objectives

At the end of this course students will be able to:

- Explains how economists build models of economic behavior.
- Understands how to convey information about opportunity costs to individuals, and how this information affects the choices actually made.
- Understands the utility-maximization model
- Understands the concept of Nash equilibrium.
- Explains the strategic interactions among agents.
- Describes the familiar model of price determination under perfect competition by Alfred Marshall.
- Describes the differences between monopoly and markets characterized by perfect competition.
- Analyses the supply of labor.

Topical Outline and Schedule

DATE	WEEK 1
SPECIFIC	Describe the course.

OBJECTIVES	<ul style="list-style-type: none"> • Evaluate the general philosophy of how economists build models of economic behavior • Demonstrate how the models have an mathematical basis • Discuss the most commonly used economic model: supply & demand • Identify how supply and demand demonstrates how observed prices can be taken to signify an equilibrium balancing of production costs • Define the three elements found in economic models • Identify the structure of economic models and how their outputs are values for the endogenous variables
TOPIC (S)	<ul style="list-style-type: none"> • Analyze the development of the economic theory of value and how the meaning of “value” has not been consistent throughout development of the subject • Discuss the Marshallian supply-demand synthesis and its theory of supply and demand operating simultaneously • Examine how an equilibrium price can be determined • Analyze the validity of economic model and how it can be appraised based on “reasonable” assumptions <p>Syllabus Discuss Library Orientation Course, Instructor to verify completion</p>
LEARNING ACTIVITIES	<p>Discussion of Syllabus Introduction to the principles of microeconomics Group activity led by instructors</p>
HOMEWORK & ASSIGNED READINGS	<p>Review the Syllabus Complete the Library Orientation Course. Instructor to verify completion. Homework: Read Chapter 1. pp. 3-20</p>
DATE WEEK 2	
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> • Identify derivatives and how a derivative of a function may not always exist • Define second-order conditions and second derivatives • Discuss examples of Profit maximization • Identify functions of several variables • Recognize how to calculate partial derivatives • Demonstrate the correlation between partial derivatives and the ceteris paribus assumption
TOPIC (S)	<ul style="list-style-type: none"> • Define the consequences of choosing units of measurement • Review the definition of elasticity • Examine how elasticities can be calculated through “logarithmic

	<p>differentiation”</p> <ul style="list-style-type: none"> • Compare and contrast the implicit function theorem and envelope theorem • Demonstrate the different techniques of differentiating integrals and how it helps optimize behavior • Examine how the concave and convex functions is determined by its second derivative <p>Discuss Final Class Project & Presentation,</p>
LEARNING ACTIVITIES	<p>Participate in a forum. Chapter topic discussion Analysis of examples brought up in class</p>
HOMEWORK & ASSIGNED READINGS	<p>Homework: Read Chapter 2 pp. 21-77 Problems p. 77 (2.1 through 2.8)</p>
DATE WEEK 3	
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> • Identify how the utility function is a primary tool to study “preference relation” • Define Axioms of Rational Choice and its three basic properties • Examine the arguments of utility functions • Study the definition of indifference curve, marginal rate of substitutions
TOPIC (S)	<ul style="list-style-type: none"> • Examine the quasi-linear function and how it is frequently used in economic modeling • Define the benefit function as a way of incorporating some degree of cardinal measurement into utility theory • Define simple functional forms that annex essential differences individual preferences for two or more goods • Define the Cobb-Douglas function <p>Discussion of student topic selection, library research, tentative bibliography</p>
LEARNING ACTIVITIES	<p>Group discussion Group activity led by instructor</p>
HOMEWORK & ASSIGNED READINGS	<p>Investigate concepts and kinds of objectives. Library Research. Develop Tentative Bibliography</p> <p>Due: Project Topic Due: Tentative Bibliography</p>



	<p>Homework: Read Chapter 3 pp.89-106 Analytical problems 3.9-3.15 p.108-110</p>
DATE	WEEK 4
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> • Examine how market prices transmit information about opportunity costs to individuals and how this influences how choices are made • Define utility maximization • Identify first-order and second-order conditions for a maximum • Interpret the Lagrange multiplier
TOPIC (S)	<ul style="list-style-type: none"> • Discuss how one's individual desire to maximize utility given a budget constraint, the optimal level of utility obtainable will depend indirectly on prices of goods and individual's income • Demonstrate how the lump sum principle affects purchasing power and distorts a buyer's choice because of artificial prices incorporates • Identify the expenditure minimization and how its approach is beneficial due to expenditures they are directly observable • Define the two ways of computing an expenditure function • Distinguish the three properties of expenditure functions <p>Due: Project Topic Due: Tentative Bibliography</p>
LEARNING ACTIVITIES	<p>Discussion Analysis of examples brought up in class</p>
HOMEWORK & ASSIGNED READINGS	<p>Continue research and work on final project Homework: Read Chapter 4 pp. 117-135 Problems 4.1-4.9 p.136-138</p>
DATE	WEEK 5
SPECIFIC OBJECTIVES	<p>EXAM I</p> <ul style="list-style-type: none"> • Study how the quantity of a good that an individual chooses is affected by change in price of that good • Define demand functions • Identify homogeneity of demand and how it is a direct result if utility-maximization assumption • Define normal and inferior goods and how the quantity chose may decrease for some goods, as income increases in some ranged • Examine two analytical effects of price changes
TOPIC (S)	<ul style="list-style-type: none"> • Discuss graphical analysis of decrease and increase in price • Analyze English economist Gidden's paradox and how it examines the income effect of a price change and how the quantity demand could move up with price • Discuss the three aggregation of elasticities • Analyze the relationships among demand elasticities

	<ul style="list-style-type: none"> Examine how the welfare effects of price changes can be measured by changing areas below either compensated or Marshallian demand curves
LEARNING ACTIVITIES	<ul style="list-style-type: none"> Discussion of chapter topics Complete analytical problems from textbook in groups
HOMEWORK & ASSIGNED READINGS	<p>Continue research and work on final project</p> <p>Homework: Read Chapter 5 pp.145-176 Analytical problems 5.9-5.14 p. 179-180</p>
DATE	WEEK 6
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> Study the demand relationship among goods with two-good case Evaluate the Slutsky equation for any two goods Compare and contrast substitutes and complements with regards to goods Define Gross substitutes and complements and if the price on one good causes more of the other to be bought Discuss the Hicksian Substitutes and Complements and it is used to focus only on substitution effects
TOPIC (S)	<ul style="list-style-type: none"> Discuss Hick's second law of demand and how most goods are seen as substitutes Examine the Composite commodity theorem and how it focuses on total spending and not on the allocation among specific items Determine the way to develop the theory of choice among market goods Evaluate utility maximization in the Attributes Model
LEARNING ACTIVITIES	<p>Chapter topic discussion</p> <p>Analysis of examples brought up in class</p>
HOMEWORK & ASSIGNED READINGS	<p>Homework: Read Chapter 6 pp.187-200 Problems 6.1-6.8 p.200-202</p>
DATE	WEEK 7
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> Define risk-averse individuals and how they exhibit diminishing marginal utility Discuss two utility functions that have been extensively used: constant absolute risk aversion and constant relative risk aversion function Identify methods used for reducing the risk involved in situations
TOPIC (S)	<ul style="list-style-type: none"> Analyze the economic issue called the "portfolio problem" Determine why information is valuable when making decisions in uncertain situations



	<ul style="list-style-type: none"> Define the state-preference approach and how it allows decision making under uncertainty to be dealt with in a familiar choice-theoretic framework
LEARNING ACTIVITIES	<p>Group activity led by instructor Perform problems from textbook in groups Analysis of examples discussed in class</p>
HOMEWORK & ASSIGNED READINGS	<p>Continue research and work on final project Homework: Read Chapter 7 pp. 207-238 Analytical Problems 7.10-7.14 p.241-242</p>
DATE WEEK 8	
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> Define the game theory of Nash equilibrium Examine the basic components found in all games: players, strategies, payoffs and an information structure Compare and contrast normal form and extensive form as ways of writing games Recognize mixed strategies and how they compare to pure strategies Define the fundamental tool of production function, which turns inputs into outputs Identify the marginal physical productivity of an input and how it is assumed to decrease as use of input increases Examine how isoquants obey the assumption of a diminishing RTS
TOPIC (S)	<ul style="list-style-type: none"> Compare and contrast finitely repeated games and infinitely repeated games Discuss Bayesian-Nash Equilibrium of Game Define Perfect Bayesian equilibrium and how it consists of prior beliefs and other player' strategies Identify the different experimental games and define the roles of the players and their strategies in the respective types of games Define the elasticity of substitution and how it demonstrates the simplicity of substituting one input for another in production Explain the formulas used in order to measure technical progress
LEARNING ACTIVITIES	<p>Discussion Group activity led by instructor Perform problems from textbook in groups</p>
HOMEWORK & ASSIGNED READINGS	<p>Continue research and work on final project Homework: Chapter 8 & 9 pp. 251-324 Problems 8.1-8.8 p.291-293 Problems 9.1-9.8 p.325-327</p>
DATE WEEK 9	
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> Study the different types of costs including: labor, capital and entrepreneurial services



	<ul style="list-style-type: none"> • Distinguish between the accounting cost view and economic cost view of costs of various inputs and how they are defined under each system • Recognize the relationship between profit maximization and cost minimization • Define Shephard's Lemma and why its widely used in economic research areas • Discuss the different cost curves and examine how they are depicted on the assumption that the input prices are held stable
TOPIC (S)	<ul style="list-style-type: none"> • Identify cost-minimizing input choices • Discuss contingent demands for inputs and how cost minimization can leads to demand for capital and labor input which is dependent on level of output being produced • Examine the widely used unit cost measures in economics: average and marginal costs functions • Discuss the properties of cost functions
LEARNING ACTIVITIES	<p>Analysis of the examples raised in class. Group discussion Exam one another's work from textbook</p>
HOMEWORK & ASSIGNED READINGS	<p>Continue research and work on final project Homework: Read Chapter 10 pp.333-362 Analytical problems 10.9-10.12 p.365</p>
DATE	WEEK 10
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> • Examine how a firm may respond to price signals from marketplace • Discuss how to maximize profits by establishing an output level in which the marginal revenue is matched with marginal cost • Define the price-taker firm and discuss how marginal revenue is given by the price • Analyze the relation of marginal revenue and price elasticity of demand
TOPIC (S)	<ul style="list-style-type: none"> • Discuss the average variable cost and if price falls below the minimum AVC, it can affect a profit-maximizing firm to the point where they will shut down and no longer produce • Examine how profit function helps us study the reactions a firm may undergo with various prices • Identify how short-run changes in market price can lead to changes in a firm's short-run profitability • Define Le Châtelier's Principle
LEARNING ACTIVITIES	<p>Group discussion Chapter topics discussion Group activity led by instructor</p>



HOMEWORK & ASSIGNED READINGS	Continue research and work on final project Homework: Chapter 11 pp. 371-395 Problems 11.1-11.8 p.396-397
DATE	WEEK 11
SPECIFIC OBJECTIVES	<p>MIDTERM EXAM II</p> <ul style="list-style-type: none"> • Discuss short-run equilibrium prices how they are determined by the interaction of between demanders and suppliers • Examine the long-run supply curve and how it depends on entry of new firms and its affect on input prices • Examine shifts in the market demand curve and its relation to change in quantity demanded • Identify the perfect competition and review the assumptions it must obey • Determine how general equilibrium models are based on preference and production technologies • Discuss equilibrium prices can be established in competitive markets by making marginal adjustments in prices
TOPIC (S)	<ul style="list-style-type: none"> • Define the combination of demand and supply curves in order to establish equilibrium prices in the market • Evaluate the two important functions of an equilibrium price • Review the importance of the shape of the supply curve with regards to shifts in demand and supply curves • Identify the equilibrium conditions • Define how the long-run operation of market forces all firms to accept a level of zero economic profits • Distinguish the three classifications of long-run supply curves and the affects of entry on input costs • Examine how price controls can deter long-run supply responses and create welfare loess for both the consumer and producer • Evaluate the factors that can hinder the competitive markets' abilities to attain efficiency
LEARNING ACTIVITIES	Discussion Analysis of examples made in class Perform problems from textbook
HOMEWORK & ASSIGNED READINGS	Due: First Draft of Final Project Homework: Chapter 12 & 13 pp. 407-489 Problems 12.1-12.9 p.447-450 Analytical Problems 13.8-13.14 p.492-494
DATE	WEEK 12
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> • Define monopoly and discuss how barriers to entry are the source of all monopoly power

	<ul style="list-style-type: none"> • Identify the two general types of barriers to entry • Examine how a monopoly will choose to produce output level for which marginal revenue is equal to marginal costs in order to maximize profits • Discuss how a supply curve construction is not possible for monopolistic markets • Examine how a basis of comparison is needed to evaluate the allocation effect of a monopoly • Analyze the general principles used to understand oligopoly markets • Differentiate the Bertrand model and the two identical firms that set prices concurrently
TOPIC (S)	<ul style="list-style-type: none"> • Discuss price discrimination and how a monopoly may increase profits by separating a single-price policy for its output • Define the different types of price discrimination • Study the various aspects of the regulation of monopolies that relate to pricing policies • Evaluate the welfare effects of third-degree price discrimination • Discuss how taxation of monopoly can produce results different from those that arise in a competitive case • Discuss the Prisoner's Dilemma and how firms could profit by coordinating on a less competitive outcome • Review how the Herfindahl index can be used to measure market concentration
LEARNING ACTIVITIES	<p>Panel discussion Analysis of chapter topics Perform problems from textbook</p>
HOMEWORK & ASSIGNED READINGS	<p>Homework: Chapter 14 & 15 pp.501-568 Problems 14.1-14.9 p.524-526</p>
DATE	WEEK 13
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> • Define the utility-maximizing individual will select to supply an amount of labor at the marginal rate of substitution of leisure for use and equal it to the real wage rate • Recognize the Slutsky-type equation demonstrates how increases in real wages creates substitution and income effects that can make an impact of the quantity of labor which is supplied • Identify the three major causes of wage differences • Define capital accumulation and how the rate of return measures the terms at which the sacrifice if the trade can be reached
TOPIC (S)	<ul style="list-style-type: none"> • Discuss wage variation in the labor market and how it is the cause



	<p>of difference between workers in regards to skills, experience and education</p> <ul style="list-style-type: none"> • Define monopsony and its correlation to the labor market and its effects • Recognize how labor unions can be treated analytically as monopoly suppliers • Identify the rate of return as an essential element if the overall costs related to capital ownership
LEARNING ACTIVITIES	<p>Group discussion Chapter topics discussion Group activity led by instructor</p>
HOMEWORK & ASSIGNED READINGS	<p>Editing & Revision of Final Project Homework: Chapter 16 & 17 pp. 579-626 Analytical problems 17.8-17.12 p.628-629</p>
DATE	WEEK 14
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> • Examine how asymmetric information is used in order to make markets fully efficient • Define the two leading models of asymmetric information that are studied • Compare and contrast the hidden-action model and the hidden-type model • Discuss the lemon problem and examine when it is likely to arise
TOPIC (S)	<ul style="list-style-type: none"> • Recognize market signaling • Examine how differences in auction format may generate different levels of revenue in more complicated settings • Review the principal-agent model and how it leads to agents obtaining more surplus
LEARNING ACTIVITIES	<p>Group activity led by instructor Perform problems from textbook in groups Analysis of examples discussed in class</p>
HOMEWORK & ASSIGNED READINGS	<p>Editing & Revision of Final Project Homework: Chapter 18 pp. 641-675 Problems 18.1-18.8 p. 676-677</p>
DATE	WEEK 15
SPECIFIC OBJECTIVES	<p>Final Project Final Presentation Final Exam</p> <ul style="list-style-type: none"> • Study how externalities may cause a misallocation of resources due to a divergence between private and social marginal cost

	<ul style="list-style-type: none"> • Review traditional solutions to this divergence include mergers • Identify the Coase theorem and how it relates to small transaction costs and private bargaining
TOPIC (S)	<ul style="list-style-type: none"> • Review the Lindahl optimal tax-sharing scheme and how it can result in efficient allocation of resources to production of public goods • Examine the tendencies of private markets in regards to the allocation of resources • Review the truth-revealing voting mechanisms that have been developed
LEARNING ACTIVITIES	<p>Group activity led by instructor Perform problems from textbook in groups Analysis of examples discussed in class Read handout</p>
HOMEWORK & ASSIGNED READINGS	<p>Homework: Chapter 19 pp.685-709 Problems 19.1-19.7 p.710-712</p>

Instructional Methods

In developing methodological strategies, it is best to discuss them between teachers and students in an environment of freedom and mutual agreement in order to ensure that the students make them their own and take responsibility for their execution and for attaining the goals of this course.

The following strategies may be used in this class:

1. A review of the exercises at the end of each chapter.
2. Check of the reading.
3. Analysis of assigned readings.
4. Group discussions.
5. Individual and group discussions.
6. Preparation of reports.
7. Preparation of a didactic plan.
8. Carrying out a micro-class.

Additional Instructional Materials and References

- Principal of Microeconomics by Karl E. Case (9th 09)
- Advance Microeconomic Theory by Geoffrey A. Jehle and Philip J. Reny (3rd 12)

- Intermediate Microeconomics theory by Carroll (09)

Assessment Criteria and Methods of Evaluating Students

96 – 100%	→ A
90 – 95%	→ A-
87 – 89%	→ B+
83 – 86%	→ B
80 – 82%	→ B-
77 – 79%	→ C+
73 – 76%	→ C
70 – 72%	→ C-
67 – 69%	→ D+
63 – 66%	→ D
60 – 62 %	→ D-
< 59%	→ F

Do not count on a curve!

Generally, the grades “A” through “C-” are considered passing grades. Grades "W" and "I" indicate that no grades were earned for the course. A "W" grade indicates that the student withdrew from the course. An "I" grade indicates that the student was passing the course, but failed to complete all the required course work. The instructor, in his/her discretion may grant an "I" grade instead of an "F", pending completion of the course work by the student within a specified time arranged by the instructor and told to the student. It is the student's responsibility to follow-up with the instructor to complete the course work. If the course work is not completed by the arranged time, the “I” grade becomes an “F”.

Distribution of Grade Elements

Homework:	15% (5% each)
Exams I, II, III:	30% (10% each)
Final Presentation:	30% (15% each)
Final Research Project:	25%
Total:	100 %

Date Syllabus Was Last Reviewed: Date 7-17-12