Economics 201H – Principles of Microeconomics (Honors), Fall 2014
Tues/Thurs 1:00 – 2:15, Corboy Law Center Room 302

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Office Hours:  
Tues 11:45 – 12:45
Wed 3 – 5 pm
Thurs 11:45 – 12:45, 4 – 5
and by appointment

Catalog Description

➢ This course is an introduction to demand and supply, consumer choice, firm analysis in various industry structures, and the distribution of income.

Course Overview

➢ Economics is the study of the production, allocation and distribution of goods and services in a world where resources are scarce. In this course we will explore some fundamental economic concepts: the notion of scarcity and how it relates to opportunity cost; supply and demand in markets; consumer choice theory; production and cost theory; perfect competition, monopoly and other types of market structures; taxation and other government programs; externalities and public goods; and the economics of health care (time permitting).

Course Objectives and Learning Outcomes

➢ Students will be able to think critically about price formation in different market structures, and how prices, household incomes and income distribution in a diverse society are determined.
➢ Students will develop an understanding of how consumers, firms and the government interact to allocate scarce resources in a market economy.

Required Materials

Textbook: Microeconomics by Krugman and Wells, 2nd or 3rd edition

Suggested Readings

Articles and blog posts occasionally emailed and posted on Sakai
Course Requirements and Grading Criteria

There will be 5 – 6 problem sets, two midterm exams and a final exam that will serve as the primary basis for your grade in this course. You will also complete two short writing assignments analyzing the economics of a situation observed in our economy. Answer keys to problem sets will be posted on the Sakai course site. Working on problem sets will be very useful for you to learn how to solve problems in economics. These skills will benefit you greatly on the exams. The relative weights of these components are:

- Exams: 70% (20% on midterms and 30% on final)
  
  Thursday, October 2; Tuesday, November 11; and Thursday, December 11

- Problem sets: 15%

- Writing Assignments: 10%

- Course attendance and participation: 5%

NOTES: In the event that you are unable to take one of the midterm exams at its scheduled time (or prior to its scheduled time), the Exam component will be re-weighted to place 40% weight on the final and 30% on the single midterm. Missing both midterms is not permissible and will result in a failing grade for the course.

All papers should contain full attribution for any quoted or paraphrased material. Failure to fully acknowledge any portion of another author’s work is plagiarism and will be treated as serious academic misconduct.

Classroom Expectations

- Turn off cell phones. No texting, please.
- Laptops may NOT be used during class.
- If you’re eating lunch, please select quiet foods
- Ask questions when you’re confused about something. Some of your classmates almost certainly are confused as well if you’re lost during the class.
- Adherence to Loyola’s Statement on Academic Integrity is mandatory. Plagiarism or copying on exams will result in a failing grade for the class.
Course Schedule

Week 1 (August 26 – 28) – Chapters 1 & 2 – 2 classes
- Introduction
- Production Possibilities & Opportunity Cost
- Basic Math Review (Chapter 2 Appendix)

Week 2 (September 2 – 4) – Chapter 3 – 2 classes
- Basics of Supply & Demand

Week 3 (September 9 – 11) – Chapter 4 – 2 classes
- Consumer and Producer Surplus

Week 4 (September 16 – 18) – Chapters 5 & 7 – 2 classes
- Market Interventions
- Price Controls
- Taxation

Week 5 (September 23 – 25) – Chapter 6 – 2 classes
- Elasticity
- Responses to Price Changes

Week 6 (September 30) – Catch up and review for Midterm

Thursday, October 2 – First Midterm

Tuesday, October 7 – Fall Break, no class

Week 7 & 8 (October 9) – Chapter 9 – 1 class
- Marginal Analysis

Weeks 8 & 9 (October 14 – 23) – Chapter 10 – 4 classes
- Consumer choice
- Indifference Curves

Week 10 (October 28 – 30) – Chapter 11 – 2 classes
- Production Inputs and Costs
**Week 11 (November 4 – 6)** – **Chapter 12** – 2 classes

  • Perfect Competition

**Tuesday, November 11 – Second Midterm**

**Weeks 12 & 13 (November 13 – 18)** – **Chapter 13** – 2 classes

  • Monopoly

**Weeks 13 & 14 (November 20 - 25)** – **Chapters 14 & 15** – 2 classes

  • Oligopoly
  • Monopolistic Competition

**Thursday, November 27 – No Class, Thanksgiving Break**

**Week 15 (December 2 – 4)** – **Chapters 16, 17 & 18** – 2 classes

  • Externalities
  • Public Goods
  • Income inequality
  • Economics of health care

**Thursday, December 11, 1:00-3:00, Final Exam**

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**Please note:** This class may occasionally deviate from the course schedule above. I reserve the right to make changes as needed to the course syllabus.
Satisfaction of Loyola’s Core Curriculum Requirements

This course satisfies Loyola University’s core Knowledge Area requirement in “Societal and Cultural Knowledge” and the Skills Area requirements of “Critical Thinking Skills and Dispositions” and “Quantitative and Qualitative Analysis and Research Methods.”

Knowledge Area (Societal and Cultural Knowledge)

- There is the universal problem of how societies and individuals address the reality of unlimited needs and limited resources. One of the objectives of this course is to understand how individuals and firms make optimal decisions under constraints. Fundamental to this analysis is the concept of opportunity costs. The course also discusses global and international perspectives on trade, immigration and capital flows.

- The course is graphical and semi-quantitative in nature. Reading and manipulating graphs is an essential part of the course. All tools required will be covered in the first few lectures so that the students can easily use them throughout the course.

- Course focuses on the formation of income distribution through pricing mechanisms and compares societies and economic systems with respect to their household and personal income inequalities. Economic concepts are applied to concepts such as incomes, wages and monopolistic profits. Understanding changes in consumer surplus and consumer welfare is among the learning objectives of this course.

Skills Objectives

The class will have lectures as well as ongoing discussions to understand economic theories and to apply them to everyday economic behavior. Students are encouraged to think through and evaluate policies critically to assess their impact on individuals and the society. The students will be able to:

- Distinguish between variables which affect consumer behavior from firm behavior and to predict market outcomes when one or the other party (or both) have fundamental changes in their behaviors.

- Distinguish between the critical skills of normative and positive reasoning in economics and learn to understand conflicts in economic policies.

- Distinguish between economic laws and economic hypotheses, and evaluate the validity of various theories.

- Use analytical tools and case studies to discuss behavior of prices, of individuals, of firms and of societies.

- Analyze situations and predictions by the use of graphs, to find numerical solutions and solve simple equations for discovering equilibrium.

- Reduce complex economic behavior of individuals and firms to reduced form equations and then to relate the equations to graphs to discover prices.

- Be aware of the limitations of the deterministic and simplified modeling used in the class and recognize that dynamic qualitative research is the basis of economic theory.
Quinlan School of Business Policies:

Attendance

Class attendance and participation are fundamental components of learning, so punctual attendance at all classes, for the full class meeting period, is expected of Quinlan students. The student is responsible for any assignments or requirements missed during an absence.

Examination Policy

Loyola University academic policy provides that tests or examinations may be given during the semester or summer sessions as often as deemed advisable by the instructor. Because Quinlan faculty believe examinations represent a critical component of student learning, required examinations should be taken during the regularly scheduled class period. A make-up final examination may be scheduled only with the permission of the appropriate Quinlan Assistant or Associate Dean.

For a student with a documented special testing need, please consult University policy concerning use of the testing center in Sullivan Center at Lake Shore Campus.

Academic Integrity

All members of the Quinlan School shall refrain from academic dishonesty and misconduct in all forms, including plagiarism, cheating, misrepresentation, fabrication, and falsehood. Plagiarism or cheating on the part of the student in individual or group academic work or in examination behavior will result minimally in the instructor assigning the grade of “F” for the assignment or examination. In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved.

For further information about expectations for academic integrity and sanctions for violations, consult the complete Quinlan School of Business Honor Code and Statement of Academic Integrity on the Quinlan website: http://www.luc.edu/media/lucedu/quinlanschoolofbusiness/pdfs/Honor-Code-Quinlan-July2012.pdf
Loyola’s Statement on Academic Integrity

http://www.luc.edu/academics/catalog/undergrad/reg_academicintegrity.shtml

The basic commitment of a university is to search for and to communicate the truth as it is honestly perceived. The university could not accomplish its purpose in the absence of this demanding standard. To the extent that this standard is respected, a genuine learning community can exist. Students of this university are called upon to know, to respect, and to practice this standard of personal honesty.

Plagiarism is a serious form of violation of this standard. **Plagiarism is the appropriation for gain of ideas, language, or work of another without sufficient public acknowledgement and appropriate citation that the material is not one's own.** It is true that every thought probably has been influenced to some degree by the thoughts and actions of others. Such influences can be thought of as affecting the ways we see things and express all thoughts. Plagiarism, however, involves the deliberate taking and use of specific words and ideas of others without proper acknowledgement of the sources.

The faculty and administration of Loyola University Chicago wish to make it clear that the following acts are regarded as serious violations of personal honesty and the academic ideal that binds the university into a learning community:

Submitting as one's own:

1. Material copied from a published source: print, internet, CD-ROM, audio, video, etc.
2. Another person's unpublished work or examination material.
3. Allowing another or paying another to write or research a paper for one's own benefit.
4. Purchasing, acquiring, and using for course credit a pre-written paper.

The critical issue is to give proper recognition to other sources. To do so is both an act of personal, professional courtesy and of intellectual honesty.

Plagiarism on the part of a student in academic work or dishonest examination behavior will result minimally in the instructor assigning the grade of "F" for the assignment or examination. In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved. The chairperson may constitute a hearing board to consider the imposition of sanctions in addition to those imposed by the instructor, including a recommendation of expulsion, depending upon the seriousness of the misconduct.

Academic cheating is another serious act that violates academic integrity. Obtaining, distributing, or communicating examination materials prior to the scheduled examination without the consent of the teacher; **providing information to or obtaining information from another student during the examination;** attempting to change answers after the examination has been submitted; and falsifying medical or other documents to petition for excused absences all are violations of the integrity and honesty standards of the examination process.

In the case of multiple instances of academic dishonesty across departments, the academic dean of the student's college may convene a hearing board. Students retain the right to appeal the decision of the hearing board to the academic dean of the college in which they are registered. The decision of the dean is final in all cases except expulsion. The sanction of expulsion for academic dishonesty may be imposed only by the Provost upon recommendation of the dean.