

DREXEL UNIVERSITY  
School of Economics, LeBow College of Business

ECON 201 Fall 2018  
Principles of Microeconomics, 4 credits  
Classes: T and R 10:00 - 11:50 a.m. in GHall, Room 027

SYLLABUS

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Instructor:	Ishan Ghosh
Office:	GHALL, Room 1033, 10th Floor
Regular Office Hours:	2:00pm-3pm, every Tuesday, GHALL Room 1042
E-mail:	idg23@drexel.edu (NOTE: All class correspondence will be sent to your Drexel e-mail accounts.)
Required Text:	Principles of Microeconomics, 6th Edition by Robert H. Frank, Ben S. Bernanke, and Kate Antonovics

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This syllabus is subject to change. Changes will be announced in class, by e-mail or on the Blackboard Learn page for the class. Students are responsible for all the announcements whether they are present in class or not. Check your Drexel e-mail and the Blackboard page regularly.

**COURSE DESCRIPTION**

Economics 201 is an introduction to microeconomics, the study of how individuals make decisions in a world characterized by scarce resources and necessary tradeoffs, and how these decisions in turn impact society. Microeconomics thus provides an invaluable conceptual framework for understanding a vast array of behaviors and thinking about the associated issues which society must confront. Whether you go on to become an economist or whether this is the only economics course that you will ever take, your fundamental goal in this class should be to become comfortable applying this conceptual framework in your thinking about the world around you and thereby become better-informed citizens.

## LEARNING GOALS

I hope that by the end of the term you will appreciate the elegance, simplicity, and beauty of Economics in explaining the complex world around us. In addition, I expect that together we will achieve the following specific learning goals:

1. Students will explore the economists approach to decision making, analyzing common mistakes made in the decision making process and gain an understanding of why these mistakes are made and how to avoid them.
2. Students will examine the basic tools of supply and demand and develop the ability to access the value (surplus) gained by various parties to a trade. This analysis will extend to the study of government policies that prevent market-clearing. Our focus here will be to understand the gains and losses to such market intervention.
3. Students will gain insight into microeconomic decision making at the firm and household levels. This will include the study of profit and profit maximization, and consumer choice and constrained utility maximization (maximizing utility subject to a budget constraint).
4. Students will study the application of market-based principles and the concept of surplus to situations involving non-market resource allocation, such as seats on an overbooked airline, the allocation of public goods, and the allocation of basic necessities to the poor.
5. Students will explore the difference between perfectly competitive markets and markets with some form of imperfect competition. Within these contexts, we will highlight the gains and losses in efficiency associated with different forms of market structure, as well as gain insight into the various public policy options available for market intervention.

## COURSE REQUIREMENTS AND POLICIES

**EXAMS:** There are going to be three exams in this class: Two Midterms (10/23 and 11/13) and a non-cumulative Final exam TBD. There will be NO make-up exams. I do not expect you to miss any of the exams but if it happens for a good reason, you should contact me immediately. If you miss a midterm you will be given the option to take a cumulative final exam, covering the material for the final test plus the material for the test that you have missed. In addition, if you do poorly on a midterm and considerably better on the final, the poor midterm will be discounted (but not ignored!).

**PROBLEM SETS:** There will be three problem sets, which will be designed to help your comprehension of the material as well as to help you prepare for the exams. You will be given one week from the date each problem set is assigned to complete it. You may (and are actually encouraged) to work in groups on the problem sets but you should not turn in identical copies, especially when it comes to essay questions. NO late homework will be accepted but I will drop the problem set with the lowest score when calculating your final grade.

**QUIZZES:** There will be three quizzes. I will announce the date for each quiz the week before. Each quiz will consist of only “Multiple Choice” and / or “True-False” questions. In addition to bearing weight in your final grade the quizzes will be designed to help you do better on your

exams. If you take the quizzes seriously, you will be better prepared for your tests, especially the “Multiple Choice” and “True-False” sections. There will be NO make-up quizzes, however, as with the problem sets, the worst quiz grade will be dropped when calculating your final grade.

IN CLASS: I will assume that before coming to class you have familiarized yourselves with the material to be covered from your text. After each lecture I will send you the slides we covered in class to help with your studying. From my own experiences I have found that it is very beneficial if you have read the chapter before class. I strongly encourage you to ask questions and participate in class discussions. Class participation will count in determining whether you get the benefit of the doubt when I give final grades. It will prove useful for you to spend some time and re-read the text after class and especially when solving the problem sets.

CLASS ATTENDANCE: I believe that the classroom lectures will complement your textbook and help your comprehension of the material. In addition, there will be material in some lectures, which does not appear in the textbook but may be covered on the tests. That is why I expect you to attend all classes. In case you are ill or prevented from attending by exceptional circumstances you should contact me ASAP, in advance if possible. If it happens so that you have to miss for an extended period of time, you should contact both me and the appropriate administrator, e.g. academic advisor. This said, I do not take attendance and your grade will not be hurt directly if you do not come to class. However, please note that empirical analyses reveal strong positive correlation between attendance and learning and between attendance and grades.

GRADING POLICY: The grade that you get in the class will be the grade that you have earned. The only time that I will be willing to change a grade is when I have made a mistake and it has been brought to my attention before the end of the semester. Your final grade will be determined as follows:

3 Quizzes	(15% total, 5% each)
3 Problem sets	(15% total, 5% each)
2 Midterms	(20%)
1 Final Exam	(30%)

A WORD ON INTEGRITY: Violations of Academic Integrity in this class will not be tolerated and may result in severe academic sanctions. Make sure that your work is in accordance with the university policies. In order to familiarize yourself with Drexel University’s Academic Integrity standards and procedures as well as the policies on Academic Misconduct and Dishonesty, you may refer to the following web site: [http://www.drexel.edu/provost/policies/academic\\_dishonesty.asp](http://www.drexel.edu/provost/policies/academic_dishonesty.asp). If you have any doubts or questions, please, consult with me. Finally, on a personal note, I believe that no grade is worth putting someone’s dignity at stake and I cannot formulate my feelings toward cheating and plagiarism better than McCloskey (1987), who wrote:

*“The word is “DON’T.” Or maybe “Immoral.” Or perhaps “Idiotic.”... A student who tries to steal or buy his degree will cheapen the degree his classmates earn, the way professors who give all A’s cheapen it, or the students who cheat on exams cheapen it. Maybe that is the best word:*

*“Cheap.””*

## **UNIVERSITY POLICIES**

**Students with Disabilities Statement:** Student with disabilities requesting accommodations and services at Drexel University need to present a current Accommodation Verification Letter (AVL) to faculty before accommodations can be made. AVL’s are issued by the Office of Disability Resources (ODR). For additional information, contact ODR at [www.drexel.edu/odr](http://www.drexel.edu/odr), 3201 Arch St., Street, Suite 210, Philadelphia, PA 19104, 215.895.1401 (V), or 215.895.2299 (TTY). Or refer the the online resources at <http://drexel.edu/oed/disabilityResources/overview/>.

**Course Evaluation:** Your feedback about the course and instructor is the only way instructors and academic units can improve the quality of a course and its content.

**Financial Obligations:** Students who do not satisfy financial obligations to Drexel University are not entitled to a grade by the instructor or the University.

**Course Add/Drop/Withdrawal Policies:** Please refer to the following University policies regarding adding, dropping, and withdrawing from courses:

<http://www.drexel.edu/provost/policies/course-add-drop>

<http://drexel.edu/provost/policies/course-withdrawal/>

**Financial/academic record impact for Drop/Withdrawal:** Dropping or withdrawing from courses can have serious financial and academic implications, possibly affecting billing, financial aid, VA benefits, eligibility to participate in NCAA athletic events, and for foreign students, immigration status. Students are strongly encouraged to consult with their Academic Advisor and financial aid counselor before withdrawing. Students are considered the responsible parties for any/all transactions processed against their academic record.

**Incomplete Policy:** If the student requests an incomplete (I) or no-credit (NC) grade, it is the student’s responsibility to make sure she/he meets the University criteria and deadlines for requesting these grades. If the student stops attending the class, she/he will not be automatically dropped from the course and she/he will receive a grade according to her/his overall performance. It is the student’s responsibility to make sure that she/he is properly enrolled or de-enrolled in the course.

**Communicating Revisions to the Course:** The instructor reserves the right to make revisions to the content, sequencing and pacing of the course. Any changes will be communicated via Drexel email.

## COURSE OUTLINE

### **Week 1: Thinking Like an Economist**

Main Topics:

- Scarcity Principle
- Cost-Benefit Principle
- Opportunity Cost
- Marginal Benefit/Marginal Cost
- Sunk Costs

Assignments:

- Read Chapter 1, including the Appendix

### **Week 2: Comparative Advantage**

Main Topics:

- Absolute & Comparative Advantage & Ricardian Trade
- The Production Possibilities Curve
- Increase Opportunity Cost

Assignments:

- Read Chapter 2

### **Week 3: Supply and Demand**

Main Topics:

- The Supply and Demand Model
- Market Equilibrium
- Shifts versus Movements
- Efficiency and Socially Optimal Allocations

Assignments:

- Read Chapter 3

### **Week 4: Elasticity**

Main Topics:

- Elasticities on the Demand Side
- Supply Elasticities
- Price Changes and Revenues

Assignments:

- **QUIZ 1**
- Read Chapter 4

### **Week 5: Midterm 1 (10/23), Elasticity Continued**

Main Topics:

- Elasticities on the Demand Side
- Supply Elasticities
- Price Changes and Revenues

Assignments:

- Read Chapter 4

### **Week 6: Properties of Demand**

Main Topics:

- Utility and Utility Maximization
- Law of Diminishing Utility
- Budget Constraints

Assignments:

- Read Chapter 5

### **Week 7: Perfect Competition and Supply**

Main Topics:

- Law of Increasing Opportunity Cost, Revisited
- Law of Diminishing Returns
- Perfect Competition ( $P = MC$ )
- Average Total Costs and Average Variable Costs
- Long-run and Short-run

Assignments:

- **QUIZ 2**
- Read Chapter 6

### **Week 8: Efficiency, Exchange, and the Invisible Hand, Midterm 2 (11/13)**

Main Topics:

- Deadweight Loss

- Pareto Efficiency
- Price Controls and Subsidies
- Taxes
- The Invisible Hand
- Profits

Assignments:

- Read Chapter 7

### **Week 9: Monopoly, Oligopoly, and Monopolistic Competition**

Main Topics:

- Returns to Scale
- Marginal Revenue
- Market Power and Market Structure
- Price Discrimination

Assignments:

- **QUIZ 3**
- Read Chapter 8

### **Week 10: Monopoly, Oligopoly, and Monopolistic Competition Continued**

Main Topics:

- Returns to Scale
- Marginal Revenue
- Market Power and Market Structure
- Price Discrimination
- Games and Strategic Behavior (Time Permitting)

Assignments:

- Read Chapter 9

### **Week 11: Final Exam**