

UNIVERSITY OF GEORGIA - TERRY COLLEGE OF BUSINESS

ECON 2106: Principles of Microeconomics

Spring 2015

Section 23129: MWF 12:20 – 1:10 pm, Caldwell 105

Instructor: Thomas Lebesmuehlbacher

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Office Hours: By appointment

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“The best way to learn economics is not to hear about it, or to read about it, but to do it.” - Steven A. Greenlaw

Course Description

This course explains the basic principles of markets and under what assumptions markets can achieve the greatest efficiency. We also discuss how markets behave when these assumptions do not hold and the perplexing problems that arise in business and public policy. We study market failure and discuss topics such as externalities, asymmetric information, and moral hazard. We then discuss the theory of the firm to show how economic thinking can help companies become more profitable. This course also covers basic principles of game theory and its applications.

Prerequisites: none

Course Objectives

Microeconomics is the study of how firms, governments, and individuals make decisions in response to the constraints they face and the incentive they feel. The market system - made up of independent producers and consumers - is a particular focus: how it operates, what it does well, and what it doesn't. Another focus is how government involvement affects the economy. The principles learned in this course can be applied to education, finance, health care, business strategy, politics, and governance.

Course Materials

- 1) **Textbook** (Optional but Recommended): Microeconomics, 11th Edition, Michael Parkins (2013), Adison-Wesley Publishers
 - I recommend buying the textbook and reading it! However, you know your study habits better than me and whether you will end up actually reading the textbook.
 - The typical bound version of the textbook is very expensive. There is a loose-leaf version through myEconLab (ca. \$55) or the e-text (ca. \$50 online if purchased with the homework software).
- 2) **Online Homework (Required): MyEconLab**
 - To purchase the online access code (\$55), go to www.pearsonmylabandmastering.com, choose **Register as Student** and use the course code **lebesmuehlbacher76e-4**
 - **When you register online, use your name according to the UGA registrar and an email account you check regularly.**
- 3) **Class slides:** available on MyEconLab under the document sharing tab in the menu on the left.

Course Grades

1. Your course grades will be determined as follows:
 - Homework Assignments: 21%
 - 3 Midterm Exams: 18% each (total 54%)
 - Cumulative Final Exam: 25%
2. **Extra Credit:** At the end of the semester, students have the possibility to hand in short essays (1-2 pages) about **ONE** of the following topics:
 - a. Go to http://www.gasbuddy.com/GB_Map_Gas_Prices.aspx: and enter the Athens, GA zip code. You will find that gas prices within the same neighborhood can vary significantly. Why do gas stations charge different amounts in the same local area? More importantly, why do consumers get gas from stations that do not sell it at the lowest price? Explain by using concepts learned in class

- b. Why can WalMart sell its store brands cheaper than the national brands, even though they are often produced by the same companies such as Sara Lee and ConAgra? What incentives do WalMart and the national brand consumer good companies have to charge different prices for similar products? Despite their higher price, why do consumers still pay more for national brands even though many store brands are similar in quality? Explain by using concepts learned in class.
- c. Watch the documentary "Inequality for All"! Describe a moment from "Inequality for All" that is really sticking with you? Some income inequality is inevitable; capitalist systems use financial reward as the primary incentive to work hard and be inventive. So why worry about income inequality at all? According to Reich, how can we sustain a strong, vibrant middle class? Finally, where do you typically get information about economic and labor issues? How does their reporting compare to the way the issues were presented in the film? Are their information more credible than the ones in the movie?
- d. Using concepts learned in class, come up with a research question that, on first sight, is not directly linked to Economics. How would you approach finding an answer to this question? For example, the book/movie "Freakonomics uses the economic concept of incentives to explain a variety of everyday issues such as class room performance, cheating in Sumo wrestling, and discrimination based on names.

These short essays are Pass/Fail. In order to pass you must not turn in an essay that is longer than 2 pages. Further, you must list all sources and references you used (if applicable). Finally, and most importantly, you must answer each part of the question using concepts you have learned in class.

Extra credit will be applied at the end of the semester. Satisfactory essays will be rewarded by increasing the final grade by half a letter grade. For example, a B- will turn into a B, etc. If the essays will not meet the requirements, the final grade will be determined by homework assignments and exams only.

3. A score of 90% or higher on the final exam will replace a lower (non-zero) midterm grade
4. Grading is usually a major concern for students. I am here to help you learn economics and help you successfully pass the course. I do not enjoy assigning you bad grades and lowering your GPA. However, this does not mean that I will accept sloppy work or reward irresponsibility. If you are having trouble in the course, please email me or come by my office to work on your problems. Do not wait until the end of the semester. At that point there is little we can do about it and I will not assign you a better grade out of pity!
5. As per departmental policy, if you drop the course while you have an F, you will receive a
6. Grading scales:

A = 93-100	B- = 80-82	D = 60-69
A- = 90-92	C+ = 77-79	F < 60
B+ = 87-89	C = 73-76	
B = 83-86	C- = 70-72	

Honor Code: The Honor is taken very seriously. Cheating will not be accepted. As a University of Georgia student, you have accepted to abide by the University's academic honesty code, "A Culture of Honesty", and the Student Honor Code. All academic work must meet the standard described in "A Culture of Honesty" found at www.uga.edu/honesty. Lack of knowledge of this policy is not a reasonable excuse for a violation. Questions related to course assignments and the academic honesty policy should be directed to the instructor.

Exam Format: There will be three exams given during the semester and one final exam. Each exam will cover material presented in class, readings scheduled outside of class, and practice problems. The exam format will be provided in the class prior to a given exam. You should bring a simple, non-programmable calculator with you to each exam. Cell phones and PDA's CANNOT serve as a calculator and graphing calculators are NOT allowed. You will NOT be allowed to use them during an exam even if they are your only calculator. Use of a cell phone, PDA or graphing calculator will be considered academic dishonesty. The final is mandatory for all students, cumulative and will be held in the regular classroom.

Missed Exams: Absolutely NO makeup exams will be given. You are forewarned well in advance to properly schedule your time and make proper arrangements for any potential conflicts. You are expected to take all exams at the scheduled time in the course and section in which you are enrolled. If you arrive late to any exam, you will only be allowed to take the exam if no other students have left the exam. There are 3 in-semester exams and a final exam. As a way to allow students to improve their exam grades as they demonstrate progress over the semester, your final exam will replace your lowest, non-zero midterm (assuming your final exam grade above 90). Thus, your final exam

will at least be worth 25% of your grade and could potentially account for 43% of your final grade. Again, the final exam is mandatory for all students.

Homework Format: Your homework problems are part of MyEconLab and are correlated with your textbook.

- Homework is due weekly and accounts for 21% of your grade. Check the MyEconLab Calendar for assignments and due dates.
- Homework is due by 11.59 pm on the day it is due (EST). No exception will be made. I recommend turning in your assignments earlier. From personal experience, there is always a possibility that the computer crashes or the internet won't work. **Your failure to plan ahead and consider the possibility of technical difficulties does not constitute an emergency that justifies a homework extension.**
- Assignments will be accepted at the due date only. Late assignments will be awarded a zero points.
- Each student must submit homework individually. However, I encourage you to work in groups to improve your understanding of the questions asked.

Disability and Health Related Issues

Students with a disability or health-related issues who need a classroom accommodation should make an appointment to see me or see me before or after class no later than 2 weeks prior to any exam in which you would like accommodations.

Classroom Conduct

Your instructor and classmates deserve courtesy. If you must arrive late or leave early, please do so quietly. Do not talk in class, and turn off mobile phones during class. Any disruptive behavior constitutes grounds for dismissal from the course. However, constructive participation in classroom discussion/activities is highly encouraged!

Attendance and Classroom Preparation

Attendance is not required for this course. While attendance will not count towards your final grade in the course, attendance has been shown to be positively correlated with your grade. If you do not show up to class, do not expect that all your questions can be answered the day before an exam at office hours.

Devote as much time and effort as necessary to master the material covered in this course. Like many other skills, economics is best learned by doing. Thus, the more problems you work, and the more you participate in class, the better your understanding of the material.

How to register and enroll in Your MyEconLab Course:

CourseID: lebesmuehlbacher76e-4

To join the course, please complete the following steps:

1. Go to <http://www.pearsonmylabandmastering.com> and choose the student button in the Register section
2. Enter the course ID
3. If you already have a Pearson account, enter your username and password. If you don't have an account, click **Create an account**. Use your name according to your UGA registrar and an email account that you will check regularly
4. Choose one of the following options
 - a. If you have already bought an access code, click **access code**. Next, enter the code and click **finish**
 - b. To buy your course online, click **use a credit card or PayPal**, and then the item you want. You can choose different items that correspond to the same textbook. For example, you can choose to buy its etext. Next, enter your credit card or PayPal information, and review and submit your order
 - c. If you are waiting for financial aid, click **Get temporary access without payment for 14 days**.

Need Help? For assistance please visit <http://www.pearsonmylabandmastering.com /students/support>

The course syllabus is a general plan for the semester. Deviations announced to the class by the instructor may be necessary

Tentative Course Outline

January		
Monday	Wednesday	Friday
5 Syllabus Introduction to MyEconLab	7 Chapter 1 What is Economics	9 Chapter 2 The Economic Problem
12 Chapter 2 The Economic Problem	14 Chapter 3 Demand & Supply	16 Chapter 3 Demand & Supply
19 MLK DAY NO CLASS	21 Chapter 3 Demand & Supply	23 Chapter 4 Elasticity
26 Chapter 4 Elasticity	28 Review	30 1st Midterm
February		
Monday	Wednesday	Friday
2 Chapter 5 Efficiency & Equity	4 Chapter 5 Efficiency & Equity	6 Chapter 6 Government actions
9 Chapter 6 Government actions	11 Chapter 8 Utility & Demand	13 Chapter 8 Utility & Demand
16 Chapter 9 Preferences & Choices	18 Chapter 9 Preferences & Choices	20 Chapter 19 Economic Inequality
23 Chapter 19 Inequality for All	25 Chapter 19 Inequality for All	27 Review
March		
Monday	Wednesday	Friday
2 2nd Midterm	4 Chapter 10 Organizing Production	6 Chapter 11 Output & Cost
9 SPRING BREAK	11 SPRING BREAK	13 SPRING BREAK
16 Chapter 11 Output & Cost	18 WITHDRAWAL DEADLINE	20 Chapter 12 Perfect Competition
23 Chapter 13 Monopoly	25 Chapter 13 Monopoly	27 Chapter 15 Oligopoly
30 Chapter 15 Oligopoly		
April		
Monday	Wednesday	Friday
	1 Chapter 15 Oligopoly	3 Review
6 3rd Midterm	8 Chapter 16 Public Choices	10 Chapter 16 Public Choices
13 Chapter 17 Externalities	15 Chapter 17 Externalities	17 Chapter 18 Factors of Production
20 Chapter 18 Factors of Production	22 Chapter 18 Factors of Production	24 Freakonomics
27 Review		
May		
		Monday
		4 FINAL EXAM 12 - 3 pm