Learning Goals

Principles of Microeconomics

Overview

Students will learn the fundamental principles and theories of microeconomic analysis. Microeconomics is often referred to as price theory. It analyses the principal forces that determine the allocation of resources. Time and toil has left mankind with a great deal of knowledge about microeconomics. We will set as our goal the achievement of the best disciplined understanding of its tenets that can be achieved from an overview of them. The course will develop your rational thinking skills and will challenge you to apply basic microeconomic concepts to current events and policy debates.

In general, microeconomics can be described as a course in the principles of supply and demand. Its goals include the following: The identification of the forces that make markets work, the results of their behavior, and the application of supply and demand to real world situations.

It therefore becomes necessary to identify and understand the various types of markets, the various types of participants in these markets on both the demand and supply sides, and the multitude of results that may come about because human nature limits the variety of economic behavior among these participants, and therefore, the results only by the imagination of the student.

An overview will attempt to accomplish this by abstraction. That is, an effort will be made to choose those markets, participants and results which are most common to the world in which we live.

Specific Learning Goals:

1) Students will learn the basic language of microeconomics. Students will be able to provide definitions for fundamental economic concepts, such as scarcity, choice, opportunity costs, comparative advantage, supply, demand, marginal analysis, market structure, equilibrium, utility, costs and profit.

2) Students will learn the forces of demand and supply and how equilibrium is achieved in the marketplace. Students will apply these principles to real world situations.

3) Students will learn the notions of elasticities. They will be able to calculate elasticities and apply them to decision making on the part of firms.

4) Students will how to analyze consumer behavior. Using an indifference curve approach, students will also be able to derive demand curves.

5) Students will understand production and cost theory in both the long and short runs.
6) Students will understand how markets operate and be able to identify how to arrive at Pricing, output, and profit/loss calculations. Students will be able to delineate supply decisions in both the long and short run as well as how supply will be determined for the firm and the market. These will be examined under conditions of perfect competition, monopoly, monopolistic competition, and oligopoly. Students will also understand the welfare implications for consumers and firms.

7) Students will understand the resource markets. Special attention will be paid to learning the optimal determination of wages and input levels.

8) Students will learn the causes of market failure. Students will be expected to learn the consequences of market failure as well as the alternative approaches and consequences of policies intended to achieve efficiency and equity.

9) Students will learn the principles of trade. Special emphasis will be on learning the notion of comparative advantage and its implication for individuals, firm and the global economy.