

Darren Grant (I go by Mr. Grant)
ECO 233, Micro Principles, Fall 2007
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Sections: 8-9, 9-10 am M, W, F
Office Hours: 10-12 am, M, W, F; 4-6 pm Th.,
by appointment or whenever the door is open.
<http://www.shsu.edu/~dpg006/>

Microeconomics is the study of economics as it relates to small animals such as plankton.© This is not a “survey” class; but a course that teaches business foundations—the economic theory of firm behavior. You may have to change the way you study if you are used to survey classes. Memorization techniques do not work well with a class that is mostly theory. In this class, we learn by doing, working homework and doing in-class exercises in addition to reading and studying the notes.

Sticking Around: There are no prerequisites for this class. Still, sometimes it’s advisable to postpone it until later. My experience indicates having taken some or all of the following “preliminary” classes increases students’ chances of success in micro principles: College Algebra or its equivalent, Accounting, Business Law, Principles of Macroeconomics. Being a sophomore also increases your chances of success relative to being a freshman, especially if your GPA is below 2.5. So, if you met two of the following criteria, I recommend talking to me about whether to stay in the class: GPA < 2.5; freshman status; not having any of the “preliminary” classes listed above.

Course Objectives:

1. The student will understand the role of prices, and of competition, in determining what goods are produced, how those goods are allocated, and how the benefits of trade are distributed to consumers, workers, and firm owners.
2. The student will understand the workings of the competitive market.
3. The student will understand the firm’s decision to supply goods to the market, in the context of profit maximization.
4. The student will understand how market characteristics influence firms’ supply, pricing, and investment behavior.

Getting Help: My office hours are listed above. However, you are welcome to stop by my office anytime the door is open, or to call my office. I recognize that my office hours may conflict with class times, and you are welcome to set up an appointment with me for some other time if that is the case.

Cheat on Me: We at Sam Houston expect you to conduct your studies with integrity. Please see SHSU’s “Academic Policy Statement 810213,” available on Sam Houston’s Web Site, for a discussion of what constitutes academic misconduct, including cheating and plagiarism, and for a discussion of the procedures utilized in adjudicating such cases. If I catch you cheating I will, in all but the most minor circumstances, turn you in to academic authorities. In these circumstances, my minimum penalty for cheating is a grade of 0 on that assignment.

By the Book: Hubbard and O'Brien, *Economics*. Shop around for on-line booksellers to save money. I do not teach right out of the book, though I generally present material in a similar order—we hop around just a little. In my experience, reading the text helps provide context, additional detail, and examples that can be of substantial benefit to the student. Readings for each unit are listed on the calendar, and I periodically connect the lectures to the assigned chapters in class.

Attendance: Attendance is not formally required, but good attendance will help the class participation grade that constitutes 10% of your final average. I have multiple sections, and you are welcome to attend any section—look up the class location on the SHSU Web Site.

Begraded: You have three tests, which will consist of a melange of graphing and short answer/multiple choice questions, similar in style to the homework problems you will be given in class. I make no apologies for assigning a significant amount of written homework, and expecting you to do it. Your tests are graded in accordance with these expectations. Your final average is calculated as follows:

Your Best Test:	30%
Your Second Best Test:	40%
Your Worst Test:	20%
Class Participation:	10%

So, for example, if your three test grades are 85, 80, and 90, then your first test will count for 40%, your second test 20%, and your third test 30% of your grade. *The average computed using this method is always at least as high as a simple average of your three test grades.* Your final exam is not cumulative.

Your class participation grade is based on attendance, attitude and participation in class, and the quality of your “costs of driving assignment.”

The grading scale is:

- A = 90.00-100
- B = 80.00-89.99
- C = 70-79.99
- D = 60-69.99
- F = 0-59.99

Making Up: Simply put, you shouldn't miss the tests, except in extreme circumstances. If you know now you can't make one of the tests, you should probably transfer to another section. Valid excuses like serious illness or death in the family will require written documentation. For illness the documentation must be from a physician (not a nurse at the Health Center). If you are excused from Test 1 or Test 2 its grade will be replaced with the simple (unweighted) average of your two remaining tests.

Cell Phones: All beepers, pagers and cell phones must either be turned off prior to class starting or placed in silent mode. Violators must move to Elbonia.

ADA Compliance: It is my obligation and my pleasure to provide reasonable accommodation to students with disabilities, so as not to discriminate on the basis of that disability. Student responsibility primarily rests with informing me at the beginning of the semester and in providing authorized documentation through designated administrative channels. Disabled students may request help with academically related problems stemming from individual disabilities from their instructors, department/division chairs, or by contacting the chair of the Committee for Continuing Assistance for Disabled Students by visiting the Director of the Counseling Center in the Lee Drain Building or by calling (936) 294-1720.

Student Absences on Religious Holidays: Section 51.911(b) of the Texas Education Code requires that an institution of higher education excuse a student from attending classes or other required activities, including examinations, for the observance of a religious holy day, including travel for that purpose. A student who is excused under this subsection may not be penalized for that absence and shall be allowed to take an examination or complete an assignment from which the student is excused within a reasonable time after the absence. Refer to the Academic Calendar for the deadline date for notification by students to the faculty members of the student's intent to be absent on religious holy days.

E-Mail Policy: E-Mail is an acceptable form of communication for all class matters.

Class Format: The class uses the following format. There are three units, each of five weeks duration. Each unit begins with a set of four or five lectures, capped with a homework. There then follows more lectures and some in-class exercises, capped with another homework. Then we take the test. To prepare for the lectures, read the assigned pages in the book. To prepare for the homeworks, work the problems in advance as best you can. By preparing in advance you are much better equipped to identify and understand the main ideas I am attempting to communicate. With the exception of the costs of driving exercise, which you should turn in, advance preparation is not required for the in-class exercises (happy bread, pricing games, baseball, etc.), beyond bringing the appropriate materials to class.

The day-by-day class schedule is listed on the attached calendar. All test dates are firm, and other dates are not likely to change.

Monday		Wednesday		Friday
<h1>UNIT 1</h1>				
<p><i>Aug. 20</i> Markets and Competition (Read Ch. 1 and “The Market System” in Ch. 2 as background)</p>		<p>22 Supply and Demand (Ch. 3)</p>		<p>24 Shortages, Surpluses, and Equilibrium</p>
<p>27 Basic Supply/Demand Analysis</p>		<p>29 Homework 1–Do not fail to complete prior to class</p>		<p>31 Ham and Eggs Exercise</p>
<p><i>Sept. 3</i> Labor Day Holiday</p>		<p>5 Consumer and Producer Surplus; Economic Efficiency (Ch. 4)</p>	<p>6</p>	<p>7 Taxes, Tax Incidence, and Economic Efficiency</p>
<p>10 Entry and Exit, and Efficiency in the Long Run</p>		<p>12 Homework 2</p>		<p>14 Elasticity in Supply/Demand Analysis (Ch. 6)</p>
<p>17 Measuring Elasticity</p>		<p>19 Homework 3</p>		<p>21 Test 1</p>

Monday		Wednesday		Friday
<h1>UNIT 2</h1>				
<p><i>Sept. 24</i> Go Over Test 1</p>		<p>26 Economic Costs and Economic Profit (Ch. 10)</p>		<p>28 Fixed and Variable Costs</p>
<p><i>Oct. 1</i> Marginal Cost</p>		<p>3 Short Run and Long Run Costs</p>		<p>5 Average Costs</p>
<p>8 Homework 4</p>		<p>10 The Output Decision (Ch. 11)</p>		<p>12 The Entry / Exit / Shutdown Decision</p>
<p>15 Long Run Equilibrium</p>		<p>17 Discussion of the Cellular Service Market</p>		<p>19 Homework 5</p>
<p>22 Costs of Driving (turn in a copy of your work)</p>		<p>24 Test 2</p>		<p>26 Go Over Test 2</p>

Monday		Wednesday		Friday
<h1>UNIT 3</h1>				
<i>Oct. 29</i> Market Structure		<i>31</i> Marginal Revenue (Ch. 12)		<i>Nov. 2</i> Price Setting
<i>5</i> Four Ways to Increase Profits (Ch. 15)		<i>11</i> Homework 6		<i>13</i> Monopolistic Competition (Ch. 12)
<i>12</i> Discussion of the Textbook Market		<i>14</i> Oligopoly (Ch. 13)		<i>16</i> Strategy in Oligopoly: The Oligopoly Pricing Game
(No Class Thanksgiving)				
<i>26</i> Monopoly (Ch. 14)		<i>28</i> Happy Bread Simulation	<i>29</i>	<i>30</i> Happy Bread Analysis
<i>Dec. 3</i> Homework 7		<i>5</i> Graphing Problem Set (done in groups in class)		<i>7</i> No Class

TEST 3 ADMINISTERED IN THE FINAL EXAM PERIOD: Mon., Dec 10, 8-10 am (8:00 section); Wed., Dec 12, 8-10 am (9:00 section)