SYLLABUS

I GENERAL INFORMATION

Course Title : Principles of Economics (Micro)
Code and Number : MAEC 2211
Credits : 3
Academic Term :
Professor :
Office Hours :
Office Telephone Number :
Electronic Mail :

II DESCRIPTION

Basic theories and principles relative to the operation of the market in an economic system with special emphasis on the microanalysis of the individual decision-making economic units. Prerequisite: GEMA1200

III OBJECTIVES

Present students to the basic concepts of demand and supply and related topics as well as the establishment of the equilibrium price and quantity. Introduce the student to the interrelationship between production and cost, the role of the market in a capitalist system and the different market structures with their particular features.
IV CONTENT

A. Concepts and Basic Analytical tools of Economics

1. Nature and Methodology of economic science and its relationship with other disciplines
   1.1 Microeconomics versus macroeconomics
   1.2 Use and application of economics
   1.3 Scarcity, factors of production and its limitations
   1.4 The use of models and graphs in economic theory
   1.5 Consumer goods versus capital goods

2. The Basic Problems of Economic Organization
   2.1 Specialization, exchange and commerce
   2.2 The economic role of Government
   2.3 Economic systems and doctrines

B. Analysis of Demand and Supply

1. Concepts of demand and Supply and its determinants
   1.1 Changes in demand and supply curve versus changes in quantity demanded and supplied
   1.2 Determination of the equilibrium quantity and price in the market
   1.3 Government regulation
      1.3.1 Price floors and price ceilings
      1.3.2 Taxes and Subsidies
      1.3.3 Economic and Social consequences of government regulation
2. Consumer Behavior

2.1 Relationship between consumer behavior and demand

2.2 Marginal utility and consumer equilibrium

2.3 Consumer and producer surplus
   2.3.1 The effect of taxes, quotas on consumer and producer surplus
   2.3.2 The deadweight loss

2.4 Substitution and income effect

3. Demand sensitivity Analysis

3.1 Concept of elasticity, measurement, interpretation and importance in demand analysis
   3.1.1 Price elasticity of demand
   3.1.2 Income elasticity of demand
   3.1.3 Cross price elasticity of demand
   3.1.4 Relationship between elasticity and total revenue
   3.1.5 Elasticity and the tax incidence

3.2 Calculation of marginal revenue and determination of relationship between marginal revenue and total revenue

C Organization of the Firm

1. Sole proprietorship, partnerships and the corporation

2. Different types of stocks and dividend payments

3. Bonds and the interest rate
D Theory of the Firm

1. Theory of production
   1.1 The production function in the short run and long run
   1.2 The marginal product and average product
   1.3 The law of diminishing marginal returns
   1.4 Relationships between marginal product and output
   1.5 Relationship between marginal product and average product

2. Cost theory
   2.1 Short run cost analysis
   2.2 Calculations of total cost, marginal cost and average costs
   2.3 Relationships between marginal cost and average total cost as well as average variable cost
   2.4 Relationship between marginal cost and marginal product
   2.5 Comparison between accounting cost and economic costs
   2.6 Difference between accounting profit and economic profit
   2.7 Long run cost analysis
      2.7.1 Economies and diseconomies of scale
      2.7.2 Returns to scale
      2.7.3 Economies of scope
E Market Structures

1. Theoretical Perfect Markets
   1.1 Perfect Competition

2. Imperfect Markets
   2.1 Pure monopoly
   2.2 Monopolistic competition
   2.3 Oligopoly

3. Determination of the optimum price and output level in each market structure in the short run and long run

4. Determination of economic profits or economic losses or normal profits in each market structure

5. Derivation of the individual supply curve for the firm in perfect competition

V. ACTIVITIES

A. Readings from text book, problem solving exercises, web problems
B. Readings from newspapers or magazines
C. Classroom presentations using power point
D. Term paper on an economic subject

VI. EVALUATION

Partial Exams 40%
Readings 10%
Class Room Presentations 10%
Term paper 20%
Departmental Exam 20%
VII SPECIAL NOTES

A. Special Accommodations

Students who require special accommodations must request these services at the beginning of the course as soon as they notice that they need help. Students can access this service with Professor Jose Rodriguez, Coordinator of Students with Special Needs at the Guidance and Counseling Office on the first floor at Metro’s Student Center.

B. Plagiarism

Plagiarism, dishonesty, fraud and any other type of manipulation or inappropriate behavior related with academic performance is unacceptable in our institution. Disciplinary actions will be taken on students found guilty of such practice as established in Chapter V, Article 1, Section B.2 of the Student’s Rules and Regulation handbook.


Inter American University has very strict regulations regarding plagiarism (using the ideas or words of others without giving proper credit), so it is important that you specifically read Chapter 5, Article 1, Section B.2c of the Student Rules and Regulations Handbook. This section clearly explains what plagiarism is. In addition, it explains the types of sanctions students are exposed to when they commit it.

C. Use of Electronic Devices

Cellular (mobile) telephones and any other electronic device that could interrupt the teaching-learning process or disrupt a milieu favorable for academic excellence will be deactivated. Critical situations will be dealt with in an appropriate manner. The use of electronic devices that permit the accessing, storing or sending of data during tests or examinations is prohibited.
VIII. EDUCATIONAL RESOURCES

A. Textbook


2. Other Recommended textbooks


IX. BIBLIOGRAPHY

A. Readings from journals and local business newspaper

   1. Business week
   2. The Economists
   3. Wall Street Journal
   4. Caribbean Business

B. Web pages

   b. www.bea.doc.gov/bea/dn/nipaweb/PanularTables.asp
   c. www.worldbank.org
   d. www.cnn.com
   e. www.bls.gov
   f. www.whitehouse.gov/fsbr/employumt.html

Prepared by : Prof. Armand Piqué
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