

Illinois Institute of Technology

Stuart School of Business

Course Syllabus

Fall 2011

Economics 151: The Economics of the Firm

Instructor: Dr. Edward F. Stuart

Class time: 10.00 – 11.15 TR

Classroom: TC 4B2-1

Office: 4A1-2

Office Hours: 9.30 – 10.00 ; 13.00 -13.50 TR

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Required Textbook: Principles of Microeconomics, 6<sup>th</sup> edition. N. Gregory Mankiw. South-Western. 2012.

Course Objectives:

This course will introduce you to the subject of microeconomics: the study of how individuals, firms, and other organizations interact in a market economy. The following learning outcomes should serve as a guide to the important issues that you should learn for the exams.

The course grade will be determined by four (4) exams and each exam will contain 40 multiple choice questions. Students may drop their lowest grade and count the second lowest grade twice. The final must be taken by everyone and will count in the grade determination. All exams are comprehensive. The grade will be determined on the following scale. 140 – 160 total points = A; 120 – 139 = B; 100 – 119 = C; 80 – 99 = D; and 0 – 79 = F. All students are expected to adhere to the university standards for honesty and integrity.

## **LEARNING OUTCOMES** Economics – Principles of Microeconomics

By the time you finish this course you will:

- ❖ know how scarcity influences choices.
- ❖ understand why Economics is a science.
- ❖ be able to explain the law of demand and the law of supply.
- ❖ understand the difference between a change in demand (supply) and a change in quantity demanded (supplied).
- ❖ understand how a change in demand or a change in supply influences equilibrium price and quantity.
- ❖ understand the essential features of the price system.
- ❖ understand the economic impact of price ceilings and price floors.
- ❖ understand the economic impact of market failures.
- ❖ understand why diminishing marginal utility exists.
- ❖ understand how a consumer goes about maximizing utility.
- ❖ be able to compute the elasticity of demand for a product.
- ❖ be able to use income elasticity to determine whether a good is inferior or normal.
- ❖ know the characteristics of a competitive, monopolistic, monopolistic competitive and oligopolist market structures.
- ❖ know the main organizational forms of business.
- ❖ know the advantages and disadvantages of the main organizational forms of business.
- ❖ know the difference between the long-run and the short-run from a firm's standpoint.
- ❖ understand why the marginal physical product declines when a variable input is added to fixed inputs.
- ❖ describe the short-run and long-run cost curves a firm faces.
- ❖ identify when economies of scale or diseconomies of scale exist.
- ❖ identify the characteristics of the four market structures.
- ❖ determine how the profit maximizing quantity is determined in each of the four market structures.
- ❖ determine how the profit maximizing price quantity is determined in each of the four market structures.
- ❖ know short-run and long-run profit possibilities in each of the four market structures.
- ❖ know when firms will enter or exit the industry in each of the four market structures.

Course outline.

Part 1. Introduction to economics and microeconomics. Required readings: Chapter 1. Ten Principles of Economics.

Chapter 2. Thinking Like an Economist.

Chapter 3. Interdependence and the Gains from Trade.

Exam 1.

Part 2. How Markets Work.

Chapter 4. The Market Forces of Supply and Demand.

Chapter 5. Elasticity and Its Applications.

Chapter 6. Supply, Demand, and Government Policies.

Exam 2.

Part 3. The Economics of the Public Sector.

Chapter 10. Externalities.

Chapter 11. Public Goods and Common Resources.

Chapter 12. The Design of the Tax System.

Exam 3.

Part 4. The Behavior of Firms and the Organization of Industries.

Chapter 13. The Costs of Production.

Chapter 14. Firms in Competitive Markets.

Chapter 15. Monopoly.

Chapter 16. Monopolistic Competition.

Chapter 17. Oligopoly.

Final Exam.

Important Dates.

23 May	First Day of Classes.
30 May	Memorial Day Holiday.
17 June	Last Day to Withdraw from Summer IA Course.
28 June	Last Day of Summer Classes.
29, 30 June	Final Exams for Summer IA Classes.

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## **Disabilities**

Reasonable accommodations will be made for students with documented disabilities. In order to receive accommodations, students must obtain a letter of accommodation from the Center for Disability Resources and make an appointment to speak with me as soon as possible. My office hours are listed on the first page of the syllabus. The Center for Disability Resources is located in the Life Sciences Building, room 218, 312-567-5744 or [disabilities@iit.edu](mailto:disabilities@iit.edu)

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## **Copyright/Plagiarism/Academic Integrity**

### **Rules on Plagiarism and Academic Integrity**

Plagiarism and other violations of academic integrity are strictly prohibited and subject to penalty as defined by the University. The academic integrity material in the handbook is found at page 30 in the IIT student handbook. Students will be expected to conform to the rules and procedures set forth in the handbook.

The code of conduct governing writing by students at IIT requires original writing, prohibits plagiarism and provides severe sanctions for plagiarism. Original writing consists of thinking through ideas and expressing them in your own way. If the ideas are from other sources, use footnotes or other citation methods to indicate the source of the ideas. Plagiarism is the act of passing off someone else's work or ideas as your own. The sanctions include, but are not limited to, expulsion and the imposition of a punitive grade of 'E'.

### **What is Plagiarism?**

Often there is some confusion as to what constitutes plagiarism. Plagiarism is the act of passing off someone else's work as your own. To assist in providing an understanding of the types of writing that constitute plagiarism, three types of are each discussed below. Also discussed below is the problem of "string citations." String citations are not plagiarism, but many professors will reject string citations because they are not the student's original work.

Word for Word copying: The use of any phrase or excerpt from another source requires the use of quotation marks around the copied material, or if the material is more than a few lines, the copied material should be placed in its own indented paragraph. A citation in proper form is always required to identify the source.

Plagiarizing by Paraphrase: When a writer uses a source, substitutes words and sentences, or even changes the order but keeps the meaning of the original, a citation is required. In the example given below, the original is on the left. The paraphrase in the right box constitutes plagiarism.

<p><u>Original:</u> It is not generally recognized that at the same time when women are making their way into every corner of our work-world, only one percent of the professional engineers in the nation are female.</p> <p>A generation ago, this statistic would have raised no eyebrows, but today, it is hard to believe.</p>	<p><u>Paraphrase:</u> Few people realize now that women are finding jobs in all fields, that a tiny percentage of the country's engineers are female.</p> <p>Years ago this would have surprised no one, but now it seems incredible.</p>
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The writer could avoid plagiarism here by acknowledging the source and providing a proper citation.

Mosaic Plagiarism: Here the writer lifts phrases and terms from the source and embeds them in his own prose. An example follows in which the lifted phrases are underlined:

The pressure is on to get more women into engineering. The engineering schools and major corporations have opened wide their gates and are recruiting women zealously. Practically all women engineering graduates can find attractive jobs. Nevertheless, at the moment, only one percent of the professional engineers in the country are female.

Mosaic plagiarism is sometimes caused by careless note taking. However, it looks dishonest and is judged as such. The use of quotation marks around the original wording and citation avoid the problem of plagiarism. Often a better approach is to use paraphrase or to quote directly (with appropriate citations).

Plagiarism can be avoided by providing citations for the sources of any material, including *ideas, phrases, or sentences* that you have used in your paper. A number of different systems are available for providing citations. The key to all of them is that the writer must clearly identify for the reader the sources of all material (including ideas) that have come from somewhere else.

**String Quotation Problem:** Sometimes a student will write a paper consisting of a string of quotations. It is usually much better for a student to provide his or her own analysis and write the paper in his or her own words. Many professors will reject a paper consisting primarily of material quoted from other sources because they do not view such a paper as the student's own work. You should understand your professor's view with respect to string