CHAPTER LEARNING OBJECTIVES
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Introduction:

The learning objectives listed below are by chapter in the course textbook. They are intended to assist you as you read and study the course material. These objectives are designed to let you know what you should be able to do or explain when you successfully complete each chapter.

You are expected to understand the course content on three levels:

(1) Information recall and recognition
       Many facts, definitions and principles have to be committed to memory.

(2) Comprehension
       You should internalize what you have learned and be able to explain specific concepts in your own words rather than using memorized definitions from the book.

(3) Application
       You should be able to apply what you have learned in situations or current events that are not specifically covered in the course.

Examinations will include questions to test your mastery on all three of these levels, with relatively more emphasis on how well you can apply appropriate economic tools to explain situations or events that may not be exactly the same as those covered in class.

My course is organized to help you attain competency at levels (2) and (3). I assume that you will read the textbook and use other handouts and online resources for level (1) learning.

In class, I will: (1) explain the more difficult concepts, (2) show how these concepts are used or how they can be applied, and (3) provide examples, illustrations, and experiments to help you understand and apply the economic tools, and (4) answer your questions and give you short practice exercises.
MICROECONOMICS, 6th edition, Hubbard/O’Brien
Learning Objectives

Chapter 1: Economics: Foundations and Models
Students should be able to:
• Explain these three important ideas: People are rational. People respond to incentives. Optimal decisions are made at the margin.
• Discuss how an economy answers these questions: What goods and services will be produced? How will they be produced? Who will receive the goods and services?
• Explain the role of models in economic analysis.
• Distinguish between microeconomics and macroeconomics.
• Become familiar with important economic terms.

Chapter 2: Trade-Offs, Competitive Advantage, and the Market System
Students should be able to:
• Use a production possibilities frontier to analyze opportunity costs and trade-offs.
• Explain comparative advantage and describe how it is the basis for trade.
• Explain the basic idea of how a market system works.

Chapter 3: Where Prices Come From: The Interaction of Demand and Supply
Students should be able to:
• Discuss the variables that influence demand.
• Discuss the variables that influence supply.
• Use a graph to illustrate market equilibrium.
• Use demand and supply graphs to predict changes in prices and quantities.

Chapter 4: Economic Efficiency, Government Price Setting, and Taxes
Students should be able to:
• Define the concepts of consumer surplus and producer surplus.
• Explain the concept of economic efficiency, and use a graph to illustrate how economic efficiency is reduced when a market is not in competitive equilibrium.
• Use demand and supply graphs to analyze the economic impact of price ceilings and floors.
• Use demand and supply graphs to analyze the economic impact of taxes.

Chapter 5: Externalities, Environmental Policy, and Public Goods
Students should be able to:
• Identify examples of positive and negative externalities and use graphs to show how externalities affect economic efficiency.
• Discuss the Coase Theorem and explain how private bargaining can lead to economic efficiency in a market with an externality.
• Analyze government policies to achieve economic efficiency in a market with an externality.
• Explain how goods can be categorized on the basis of whether they are rival or excludable.
• Define a public good and a common resource, and use graphs to illustrate the efficient quantities of public goods and common resources.
Chapter 6: Elasticity: The Responsiveness of Demand and Supply
Students should be able to:

- Define the price elasticity of demand and understand how to calculate it.
- Explain the determinants of the price elasticity of demand.
- Describe the relationship between the price elasticity of demand and total revenue.
- Define the cross-price elasticity of demand and the income elasticity of demand, and explain their main determinants and how they are calculated.
- Use price elasticity and income elasticity to analyze economic issues.
- Define the price elasticity of supply, and describe its main determinants and how it is calculated.

Chapter 7: The Economics of Health Care / The Economics of Information
Students should be able to:

- Define asymmetric information and distinguish between moral hazard and adverse selection.
- Apply the concepts of adverse selection and moral hazard to financial markets.
- Apply the concepts of adverse selection and moral hazard to labor markets.
- Explain the winner's curse and why it occurs.

Chapter 8: Firms, the Stock Market, and Corporate Governance
Students should be able to:

- Categorize the major types of business in the United States.
- Describe the typical management structure of corporations and understand the concepts of separation of ownership from control and the principal-agent problem.
- Explain how firms obtain the funds they need to operate and expand.
- Describe the information provided in firms' financial statements.
- Provide an overview of the business accounting scandals of 2002, as well as the role of government in corporate governance.

Chapter 9: Comparative Advantage and the Gains from International Trade
Students should be able to:

- Discuss the increasing importance of international trade to the United States.
- Define the difference between comparative advantage and absolute advantage.
- Explain how countries gain from international trade.
- Discuss the sources of comparative advantage.
- Analyze the economic effects of government policies that restrict international trade.
- Evaluate the arguments for and against government policies that restrict international trade.

Chapter 10: Consumer Choice and Behavioral Economics
Students should be able to:

- Define utility and explain how consumers choose goods and services to maximize their utility.
- Use the concept of utility to explain how the law of demand results from consumers adjusting their consumption choices to changes in prices.
- Explain how social influences can affect consumption choices.
- Describe how people can improve their decision making by taking into account nonmonetary opportunity costs, ignoring sunk costs, and being more realistic about their future behavior.
Chapter 11: Technology, Production, and Costs
Students should be able to:
- Define technology and give examples of technological change.
- Distinguish between the economic short run and the economic long run.
- Understand the relationship between the marginal product of labor and the average product of labor.
- Explain and illustrate the relationship between marginal cost and average total cost.
- Graph average total cost, average variable cost, average fixed costs, and marginal cost.
- Explain how firms use the long-run average cost curve to plan.

Chapter 12: Firms in Perfectly Competitive Markets
Students should be able to:
- Define a perfectly competitive market, and explain why a perfect competitor faces a horizontal demand curve.
- Explain how a perfect competitor decides how much to produce.
- Use graphs to show a firm's profit or loss.
- Explain why firms may shut down temporarily.
- Explain how entry and exit ensure that perfectly competitive firms earn zero economic profit in the long run.
- Explain how perfect competition leads to economic efficiency.

Chapter 13: Monopolistic Competition: The Competitive Model in a More Realistic Setting
Students should be able to:
- Explain why a monopolistically competitive firm has a downward-sloping demand curve.
- Explain how a monopolistically competitive firm decides the quantity to produce and the price to charge.
- Analyze the situation of a monopolistically competitive firm in the long run.
- Compare the efficiency of monopolistic competition and perfect competition.
- Define marketing and explain how firms use it to differentiate their products.
- Identify the key factors that determine a firm's profitability.

Chapter 14: Oligopoly: Firms in Less Competitive Markets
Students should be able to:
- Show how barriers to entry explain the existence of oligopolies.
- Use game theory to analyze the actions of oligopolistic firms.
- Use sequential games to analyze business strategies.
- Use the five competitive forces model to analyze competition in an industry.

Chapter 15: Monopoly and Antitrust Policy
Students should be able to:
- Define monopoly.
- Explain the four main reasons monopolies arise.
- Explain how a monopoly chooses price and output.
- Use a graph to illustrate how monopoly affects economic surplus.
- Discuss government polices toward monopoly.
Chapter 16: Pricing Strategy
Students should be able to:
- Define the law of one price and explain the role of arbitrage.
- Explain how a firm can increase its profits through price discrimination.
- Explain how some firms increase their profits through the use of odd pricing, cost-plus pricing, and two-part tariffs.

Chapter 17: The Markets for Labor and Other Factors of Production
Students should be able to:
- Explain how firms choose the profit-maximizing quantity of workers to employ.
- Explain how people choose the quantity of labor to supply.
- Explain how equilibrium wages are determined in labor markets.
- Use demand and supply analysis to explain how compensating differentials, discrimination, and labor unions cause wages to differ.
- Discuss the role personnel economics can play in helping firms deal with human resources issues.
- Show how equilibrium prices are determined in the markets for capital and natural resources.