

PRINCIPLES OF MICROECONOMICS (ECON 2010-100)
Department of Economics, University of Colorado
Fall, 2003

M,W,F: 2-2:50 am,

Room: HALE 270

Professor: Charles de Bartolome

Recitation instructor:

Office hours: M 4 - 4:45 pm, Tu 10-11am,
Thurs 1:30 - 2:30 pm

Recitation place:

Recitation time:

Office: Econ 203.

Office hours:

e-mail: debartol@spot.colorado.edu

Office:

Textbook: Mankiw, N. Gregory, (2004), *Principles of Microeconomics* (3rd Edition).
Thomson Southwestern Publishers.

Course description: Microeconomics is about what goods get produced and sold at what prices. The individual must decide what goods to buy, how much to save and how hard to work. The firm must decide how much to produce and with what technology. The course explores how "the magic of the market" coordinates these decisions. In addition, the course considers such questions as: Why is competition socially desirable? Is competition likely? How do firms behave in the absence of competition?

Course Level: The course is an introductory course. No previous knowledge of economics is assumed. The student is, however, assumed to be able to solve simultaneous equations both graphically and algebraically.

Course assignments: all course assignments are to be located on the course WebCT page located at: <http://webct.colorado.edu> . The weekly problem-set (which needs to be handed in at the recitation) will be posted on Friday after class.

In the past, some students have had difficulty in downloading some of the pdf files posted on WebCT . ITS advises that this is due to the large file sizes. ITS recommends that you open the Adobe Acrobat Reader. Then click as: Edit > Preferences> General > Options and *uncheck* "Allow Fast Web View".

Grading: There are two midterms, a final exam, two experiments and one data collection exercise. The grade of the student will be determined as: 30% First Midterm, 30% Second Midterm, 30% Final, 10% Experiments.

The data collection exercise is Pass/Fail. If an attempt at the data collection exercise is not handed in by the date due, your course score will be lowered 1% . If the exercise is not passed by the day of the exam, *your grade will be considered Incomplete Fail until the exercise is passed.*

Attendance at class: Yogi Berra once remarked: "90% of life is just turning up". The best way to learn the material is to attend class. Reading the lecture notes posted on the web is not a good substitute for attendance. Attendance at class is therefore required. If you consistently miss class or recitation, you will be warned. If you continue not to attend after the warning, you fail the course.

Recitations: Recitations start w/c 2 September. Attendance at recitation is required. At the recitation, you are required to hand in your answers to the weekly problem-set. If you consistently do not do this or if your answers show no evidence of effort, you will be warned. If you ignore the warning, you fail the course.

Difference with other sections: I expect this section to go slower, cover fewer topics and put more emphasis on analysis than other sections.

Exams: The two midterms will be given in the evening as:

FIRST MIDTERM:	Tuesday, 30 Sept in DUAN G1B30	7:00 - 9:00 p.m.
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SECOND MIDTERM:	Tuesday, 4 November in MATH 100	7:00 - 9:00 p.m.
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The final exam will be held as:

FINAL:	Wednesday, 17 December in HALE 270	8:00 - 10:00 a.m.
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Please let me know if one of these dates falls on a religious holiday you intend to observe and I will arrange for you to take a make-up. Otherwise, you are required to take the exam at the above time. Only in compelling circumstances will a make-up exam be given and this must be agreed with me *before* the scheduled time of the exam. If you fail to take the exam at the scheduled time and fail to discuss the circumstances with me before the exam, you will score 0 in the exam.

You must bring a blue-book to each exam.

Students with Special Needs: If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services (DS) in a timely manner so that your needs may be addressed. DS determines accommodations based on documented disabilities (303-492-8671, Willard 322, www.colorado.edu/sacs/disabilityservices).

Course outline: shown overleaf is a list of topics to be covered and likely dates.

<i>Date</i>	<i>Topic</i>	<i>Chapter</i>
25, 27 Aug	INTRODUCTION - TEN BIG IDEAS Scarcity. Trade-off. Opportunity cost.	1
29 Aug	THINKING LIKE AN ECONOMIST Economics as a social science. Use of models. Production possibility model. Circular flow model. Positive and normative.	2
3, 5 Sept	GAINS FROM TRADE Comparative advantage. Specialization. Mutual gains from trade.	3
8, 10, 12, 15 Sept	LAW OF SUPPLY AND DEMAND Competitive markets. Individual and market demand curves. Individual and market supply curves. Equilibrium: Law of Supply and Demand. Shifts in the demand curve: substitutes and complements. Shifts in the supply curve. Coordinating role of prices.	4
17, 19 Sept	APPLICATIONS OF SUPPLY AND DEMAND Inelastic = steep, Elastic = flat. Price-ceiling and price-floors.	6 (pp. 113-123)
22, 24, 26, 29 Sept	SOCIAL EVALUATION OF MARKET OUTCOMES Marginal changes. Benefit = willingness to pay. Consumer surplus Budget line. Marginal benefit. Purchase decision rule: "marginal benefit = price" rule Consumer demand curve = marginal benefit curve.	7 (pp. 141-147) and pp. 453-455
30 Sept	FIRST MIDTERM (7:00 - 9:00pm in DUAN G1B30)	

1 Oct	No class	
6, 8, 10, 13, 15 Oct	SOCIAL EVALUATION OF MARKET OUTCOMES (cont) Producer surplus, marginal producer surplus. Market efficiency: First Fundamental Welfare Theory. Limitations: equity, market power, externalities.	7(pp.143-154)
17, 20 Oct	APPLICATION OF SOCIAL EVALUATION OF MARKETS International trade.	9 (pp.175-182, 187-195)
22, 24, 27, 29 Oct	FIRMS: COSTS OF PRODUCTION Distinguishing accounting and economic costs. Production function, diminishing marginal product. Total cost, increasing marginal cost. Fixed and Variable Costs. Average and Marginal Costs.	13 (pp. 267-280)
31 Oct, 3 Nov	FIRMS: PROFIT MAXIMIZATION Profit maximization Marginal revenue. COMPETITIVE FIRMS Competitive firm's demand curve is horizontal. Short-run and long-run. Presence rule of existing firm: "produce if price \geq min average variable cost" rule. Presence rule of new firm: "enter if price \geq min average total cost" rule Level rule: "produce till marginal cost = price" Firm supply curve in short-run and long-run.	14 (pp. 289-300)
4 Nov	SECOND MIDTERM (7:00 - 9:00 pm in MATH 100)	

5 Nov	No class	
7 Nov	COMPETITIVE FIRMS (cont.)	14
10, 12, 14, 17 Nov	COMPETITIVE MARKETS Short-run market supply curve is upward sloping. Long-run market supply curve is horizontal. In long-run: price = min average cost. Market dynamics in the short-run and in the long-run.	14 (pp. 301-304)
19, 21, 24, 26 Nov	MONOPOLY Monopoly demand curve is downward sloping. Monopoly: marginal revenue < price. Monopoly output choice: “marginal revenue = marginal cost” rule. Inefficiency: deadweight loss. Public policy discussion.	15 (pp. 313-333)
1, 3, 5, 8, 10 Dec	EXTERNALITIES Divergence of group and individual incentives. Public policy discussion.	10
17 Dec	FINAL EXAM (8:00 - 10:00 a.m in HALE 270)	