

Principles of Microeconomics
Econ 2010 Section 600
Fall 2005 Syllabus

Instructor: Erik Johnson
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Time & Location: T and Th 3:30-4:45 in EDUC 220

Course Page: <http://arrow.colorado.edu/2010>

Office Hours: Tuesday 2-3:15
Wednesday 2-3:30

Required Text: • Krugman, Paul and Wells, Robin , (2005), *Microeconomics*, Worth Publishers.
• Krugman, Paul and Wells, Robin(2005), *Study Guide to Accompany Microeconomics*,, W H Freeman & Co.

Course Description:

Microeconomics is about how individuals and firms make decisions about what to do with the resources they have and how they interact with one another. Since we're all individuals and some of us may run firms one day (or at least interact with them), microeconomics has to do with us. We'll approach the decision making and interaction parts in a scientific way that most students are unfamiliar with. This will hopefully give you a new perspective on your day to day actions and introduce you to the 'economic way of thinking'. With this new perspective, you'll be able to better understand the decisions firms and individuals make, which will hopefully shed new light on current events and policy analysis.

In the first part of the course, we'll look at very basic individual and firm decisions: what to buy and produce and how much to buy and produce. From this analysis, a simple model of individual and firm interaction (supply and demand) will result. In the next part of the course, we'll use this model to see how government policies effect the interactions and outcomes of the supply and demand model. The last part of the course will focus on the optimal behavior of the firm. We'll look at how the firm should act depending on whether there is one firm, a couple firms, or many firms in the same market and how the actions of individual firms relate back to the model of supply and demand.

My goal is to make this course both challenging and intellectually stimulating. To help me achieve this goal and for you to get the most out of this course, there are certain things I expect for you to do throughout the semester. First off, you should read the book. I feel the book is a good introductory microeconomics text, it supplements the material presented

in lecture well, it's inexpensive and generally follows the course outline. Besides reading the book, you should work on problems. I'll sometimes give you problems in lecture, you should go over problems in recitation, there are problems in the book, there are problems in the study guide, and there are [problems online](#). The more problems you do, the more you will understand the material, the better you will do in the class, and the more you will get out of the class. I want everyone to do well in the class, but how well you do is up to you. You'll have to work hard, read the book, do lots of problems, but if you are having issues with the material, myself and the recitation instructors are here to help. So, be sure to ask questions in recitation and come see us during office hours if you have additional questions about the material. You may also want to look around the [website](#) of the publisher for videos, extra review problems, and other useful items.

Prerequisites:

This is an introductory microeconomics course. No previous knowledge of economics or microeconomics is assumed. However, students are expected to be familiar with algebra (solve for x), geometry (find the area of a triangle) and know how to solve simultaneous equations both algebraically and graphically.

Lectures:

In lecture, new material will be presented. Occasionally you'll be asked to work on practice problems that will be covered during that lecture or in the next lecture. All students are strongly encouraged to attend lecture regularly. Besides all the obvious reasons to attend lecture, some exam questions will not be covered in the text but only covered in lecture. In the off chance that you miss a lecture, you should try to get lecture notes from a fellow student, if they are willing to share. I don't give students my notes as these are for teaching and are not likely to help.

Recitation:

Recitations start the second of class. What happens in recitation is up to your recitation instructor. Your recitation instructor will give you a recitation syllabus that will describe how recitation will work. Generally no new material is presented in recitation, and this is your time to ask any additional questions and review. Attending recitation is required and expected.

Grading:

Your course grade will be based on two midterms, your recitation grade and a comprehensive final. Exam dates are listed below. The breakdown of grades is as follows: 30% for Midterm 1, 30% for Midterm 2, 30% for Recitation and 40% for the Final. To make this add up to 100%, I'll automatically drop the lowest of your Recitation, Midterm 1 or Midterm 2 scores when determining your grade. You will not be able to drop your Final Exam score.

There will be no extra credit opportunities available, but I will use a curve. If the median on the final or either of the midterms is below a 75%, I will add the same amount of raw points to everyone's score until the median is 75%. If the median is above 75%, then either everyone really understands the material or I have written too easy of an exam. In either

case, students should not be punished for this, so I will not curve scores downwards. There will be a separate curve for each of the midterms and the final. Your scores with the curve will be used in determining which score to drop.

Your recitation score will be determined by your recitation instructor according to the recitation syllabus. The same curving scheme described above will generally be applied to your recitation score to determine your final course grade. However, I reserve the right to equate the recitation scores from different recitation instructors. This may involve curving your recitation score up or down. In any case, additional curving of recitation scores will be done for fairness so that no one is either unfairly hurt or helped by the grading of different recitation instructors.

Exams:

The two midterm exams will take place during regular class time in the regular class room on the dates listed below. The final will take place during finals week on the date, time, and place listed below. All exams will be graded by scantron, so be sure to remember a #2 pencil. You'll probably also want to bring a calculator (no cell phone calculators). The number of questions on each exam may vary, but the final will have more questions than the midterm. The format of all questions will be multiple choice. Exam questions will be based on material covered in the book and/or in lecture. A majority of the questions will test your memory and understanding of the definitions and concepts covered, and a minority of the questions will test your ability to synthesize the material and apply the concepts in a new context. I'll talk more about each exam as the exam date approaches.

Since this is a large class, make-ups for any exam are allowed only under compelling circumstances. Under such a compelling circumstance, you are almost always required to make prior arrangements before the exam, usually one week in advance. In the case that you miss a midterm exam that you cannot make-up, remember that the lowest midterm or recitation grade is dropped. So missing a midterm exam should be avoided, but it may or may not hurt you as long as you do well on the other midterm exam and in recitation. In the event that a make-up exam is warranted, I may choose to prorate your exam grade.

Important Dates:

Drop/Add Dates

Classes Start	Mon. August 22
Recitations Start	Mon. August 29
Labor Day	Mon. Sept. 5
Midterm 1	Tue. Oct. 4
Fall Break	Thurs. Oct. 13 - Fri. Oct. 14
Midterm 2	Thurs. Nov. 17
Thanksgiving Break	Thurs. Nov. 24 - Fri. Nov. 25
Last Day of Class	Thurs. Dec. 8
Final	Tue. Dec. 13 7:30-10:00 a.m. in EDUC 220

Additional Notes:

If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services (DS) early in the semester so that your needs may be addressed. DS determines accommodations based on documented disabilities. Contact: 303-492-8671, Willard 322, <http://www.colorado.edu/disabilityservices>).

Disability Services letters for students with disabilities indicate legally mandated reasonable accommodations. Other letters/requests you may receive from agencies such as the Wardenburg Student Health Center, or other health providers, such as physicians or counselors, are recommendations you may choose to follow to assist students but are not necessarily legal mandates. The syllabus statements and answers to Frequently Asked Questions can be found at <http://www.colorado.edu/disabilityservices>.

Campus policy regarding religious observances requires that faculty make every effort to reasonably and fairly deal with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance. In this class, accommodations will be made, but only with adequate advanced notification. Students can see full details at http://www.colorado.edu/policies/fac_relig.html.

Students and faculty each have responsibility for maintaining an appropriate learning environment. Students who fail to adhere to behavioral standards may be subject to discipline. Faculty have the professional responsibility to treat students with understanding, dignity and respect, to guide classroom discussion and to set reasonable limits on the manner in which students express opinions. See polices at <http://www.colorado.edu/policies/classbehavior.html> and at http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code.

All students of the University of Colorado at Boulder are responsible for knowing and adhering to the academic integrity policy of this institution. Violations of this policy may include: cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. All incidents of academic misconduct shall be reported to the Honor Code Council (honor@colorado.edu; 303-725-2273). Students who are found to be in violation of the academic integrity policy will be subject to both academic sanctions from the faculty member and non-academic sanctions (including but not limited to university probation, suspension, or expulsion). Other information on the Honor Code can be found at <http://www.colorado.edu/policies/honor.html> and at <http://www.colorado.edu/academics/honorcode/>.

The University of Colorado Policy on Sexual Harassment applies to all students, staff and faculty. Sexual harassment is unwelcome sexual attention. It can involve intimidation, threats, coercion, or promises or create an environment that is hostile or offensive. Harassment may occur between members of the same or opposite gender and between any combination of members in the campus community: students, faculty, staff, and administrators. Harassment can occur anywhere on campus, including the classroom, the workplace, or a residence hall. Any student, staff or faculty member who believes s/he has been sexually harassed should contact the Office of Sexual Harassment (OSH) at 303-492-2127 or the Office

of Judicial Affairs at 303-492-5550. Information about the OSH and the campus resources available to assist individuals who believe they have been sexually harassed can be obtained at: <http://www.colorado.edu/sexualharassment/>.

Be aware of the Drop/Add deadlines (<http://registrar.colorado.edu/DropAdd/Default.html>). I will only add students to the course after the wait list deadline.

If you have three or more final exams scheduled on the same day, you are entitled to arrange an alternative exam time for the last exam or exams scheduled on that day. To qualify for rescheduling final exam times, you must provide evidence that you have three or more exams on the same day, and arrangements must be made with your instructor no later than the end of the sixth week of the semester. For the complete final examination policy, see the University of Colorado at Boulder Catalog (<http://www.colorado.edu/catalog>).

Tentative Course Outline:

- 8.23.2005 **Chapter 1: First Principles**
Topics: How individuals make choices, how the individual choices interact
- 8.25.2005 **Chapter 2: Economic Models, Trade-Off and Trade**
Modeling, production possibility frontier, comparative advantage and circular-flow diagram, difference between positive and normative economics
- 8.30.2005 **Chapter 3: Supply and Demand**
Supply, Demand, Competitive Market, Movements and Shifts along Supply and Demand Curves, Shortage and Surplus
- 9.01.2005 **Chapter 4: The Market Strikes Back**
Quantity and Price Controls, inefficiency, deadweight loss, excise taxes
- 9.06.2005 **Chapter 5: Elasticity**
Price and Income elasticity of demand, price elasticity of supply
- 9.08.2005 **Chapter 5: Elasticity (cont.)**
Price and Income elasticity of demand, price elasticity of supply
- 9.13.2005 **Chapter 6: Consumer and Producer Surplus**
Consumer Surplus and the demand curve, Producer Surplus and the Supply Curve
- 9.15.2005 **Chapter 7: Making Decisions**
Explicit Costs and Implicit Costs
- 9.20.2005 **Chapter 10: The Rational Consumer**
Utility

9.22.2005	Chapter 10: The Rational Consumer (cont.) Consumption Bundle and Utility Function
9.27.2005	Chapter 11: Consumer Preferences and Consumer Choice Indifference Curves
9.29.2005	Chapter 11: Consumer Preferences and Consumer Choice (cont.) Marginal Rate of Substitution
10.4.2005	Midterm I - Chapters 1-7, 10, 11
10.6.2005	No Class
10.11.2005	Chapter 8: Behind the Supply Curve: Inputs and Costs Production Function, Diminishing Returns, Marginal and Average Cost Curves, Short Run v. Long Run, Economies of Scale
10.18.2005	Chapter 9: Perfect Competition and the Supply Curve Perfect Competition, Perfectly Competitive Industry, Price-Taking Producer, Industry Supply Curve
10.20.2005	Chapter 12: Factor Markets and the Distribution of Income Physical Capital, Human Capital, and factor distribution
10.25.2005	Chapter 13: Efficiency and Equity Efficiency in Consumption, Efficiency in Production, how this all works with perfect competition
10.27.2005	Chapter 14: Monopoly Monopoly, Price discrimination, and Market Power

11.01.2005	Chapter 15: Oligopoly Oligopoly, collusion
11.03.2005	Chapter 15: Oligopoly (cont.) Game Theory and the prisoner's Dilemma
11.08.2005	Chapter 16: Monopolistic Competition and Product Differentiation Monopolistic Competition, product differentiation, long and short run prices and profits
11.10.2005	Chapter 17: International Trade Tariffs and Import Quotas
11.15.2005	Chapter 17: International Trade (cont.) Trade Protections and International Trade Agreements
11.17.2005	Midterm II Chapters 8,9, 12-17
11.22.2005	Chapter 18: Uncertainty, Risk, and Private Information A brief journey into risk and information
11.29.2005	Chapter 19: Externalities Negative and Positive Externalities, Coase Theorem, emissions taxes, tradeable permits, Pigouvian subsidies
12.01.2005	Chapter 20: Public Goods and Common Resources Public Goods, Common Goods, and Artificially Scarce Resources
12.06.2005	Chapter 21: Taxes, Social Insurance, and Income Distribution Trade of between equity and efficiency, benefits and the ability-to-pay principle
12.08.2005	Chapter 21 (cont.) and Review For Final
12.13.2005	Final Exam Chapters 1 - 21

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