

PRINCIPLES OF MICROECONOMICS (ECON 2010-100)  
Department of Economics, University of Colorado  
Spring, 2013

Classtime:	M,W,F: 1:00-1:50 pm	Room: CHEM 140
Professor:	Charles de Bartolome	Recitation instructor:
Office hours:	M 9:45-10:45am; W 10:30-11:30am Th 1:30 - 2:30 pm.	Recitation time:
Office:	Econ 203.	Recitation place:
e-mail:	debartol@colorado.edu	Office hours:
		Office:

*Textbook:* Mankiw, N. Gregory, (2009), *Principles of Microeconomics* (6th Edition) WITH APLIA ACCESS. Cengage Learning.

Buying Aplia on its own is expensive. I have negotiated a price of \$108 for the bundle when the book plus Aplia is purchased at the CengageBrain microsite:  
<http://www.cengagebrain.com/micro/1-1ATOIKT>

*Aplia:* Each student must enroll in Aplia. In addition to providing additional learning materials, there are weekly quizzes on Aplia which will be graded. Each quiz is due by 10am on Monday.

The first Aplia quiz is due at 10am on Monday 28 January.

*“Clickers”* Each student must buy a *i>clicker*. If you do not already own one, an *i>clicker* may be purchased at the University of Colorado bookstore. Clickers will be used to promote faculty-student interaction. They will also be used to give class problems which will be scored.

Clickers should be registered at: <https://myCUinfo.colorado.edu>

*Course description:*

Microeconomics is about what goods get produced and at what prices they are sold. 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: What is competition? 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 and Desire2Learn webpage:*

All course assignments and most lecture notes are posted on the Desire2learn course webpage located at: <https://learn.colorado.edu>

In the past, some students have had difficulty in downloading some of the pdf files posted on the course webpage . ITS advises that this may be due to the large file sizes. ITS recommends that you open the Adobe Acrobat Reader. Then click as: Edit > Preferences> Internet and *uncheck* “Allow Fast Web View”.

Please note that six pages of each Adobe Acrobat file can be printed on a single sheet by clicking as: Print >Properties > layout > Pages per sheet.

*Attendance at class:*

Woody Allen 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.

*Recitations:* Recitations start w/c 21 Jan. Attendance at recitation is required. Recitations will go over the weekly problem set.

The weekly problem set is posted on the Desire2Learn webpage. Before the recitation, you must attempt to work through the weekly problem set. The recitation reviews the problem set.

The weekly problem set is designed to present problems at a deeper level than the Aplia quizzes. The format of the exams will be closer to the format of the weekly problem set than to the Aplia quizzes.

*Grading:* There are two midterm exams, a final exam, in-class clicker questions, a weekly graded quiz on Aplia, recitations, an experiment and a “verifying theory” exercise. The grade of the student will be determined as:

25%	First Midterm,
25%	Second Midterm,
25%	Final
8%	In-class clicker questions
8%	Aplia quizzes
8%	Recitations
1%	Experiment

Concerning in-class clicker questions: a correct answer will receive 1 point and absences or incorrect answers will receive zero points. In calculating your total score for all in-class clicker questions, I will sum your scores for all days, omitting your three lowest daily scores.

Concerning recitations: At the recitation, you are required to hand in your answers to the Problem Set; if your answer shows evidence of effort (it need not be correct), you will receive a score of 1 for that week. If you are not present at the recitation, or if you do not hand in an answer or if your answer shows no evidence of effort, you will receive a score of zero for that week. You may not ask somebody else to hand in your answer on your behalf. In calculating your total score for recitations, I will omit your two lowest weekly scores.

Concerning the “verifying theory” exercise: There are two due dates (to be announced). If an answer to the “verifying theory” exercise is not handed in by the first date due, your course score will be lowered 1% . If the exercise is not passed by the second due date, your course score will be lowered 1%.

EXAMPLE: The first due date is 27 February and the second due date is 13 March. A student gives in an answer to the “verifying theory” exercise on 27 Feb but it is graded as incorrect. The student has until 13 March to submit a correct answer (he/she can have several answers graded before 13 March). If he/she submits a correct answer on or before 13 March, his/her overall penalty is -1%. If he/she fails to submit a correct answer on or before 13 March, his/her overall penalty is -2%.

*Classroom courtesy:*

Please turn your cell ‘phone off prior to the start of class.

I believe that learning is enhanced if there is full concentration by both the instructor and the student. Therefore, usage of laptop computers in class is restricted to following the course notes. To facilitate this, laptops may only be used in the front three rows of the classroom.

*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: Monday, 18 Feb 7:00 - 9:00 p.m. in CHEM 140

SECOND MIDTERM: Wednesday 20 Mar 7:00-9:00pm in CHEM 140

The final exam will be held as:

FINAL: Wednesday 8 May 7:30-10:00 pm in CHEM 140

You must bring a blue-book to each exam.

*Failure to be present at an exam:*

If you fail to be present at an exam (unless you are ill and have a medical note from your doctor, or unless before the exam I have granted you permission to take a make-up exam), you will earn a score of 0 in the exam.

*Drop-in Tutorial Lab:*

The Department of Economics provides a free drop-in tutorial lab for undergraduates enrolled in Economics 2010 and other courses. information about the lab is available at [www.colorado.edu/economics](http://www.colorado.edu/economics) .

*Accommodations for students with special needs:*

If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services in a timely manner (for exam accommodations provide your letter at least one week prior to the exam) so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities. Contact Disability Services at (303) 492-8671 or by email at [dsinfo@colorado.edu](mailto:dsinfo@colorado.edu)

If you have a temporary medical condition or injury, please see Temporary Injuries under Quick Links at Disability Services website (<http://disabilityservices.colorado.edu/> ) and discuss your needs with me.

*Religious Observances:*

Campus policy regarding religious observances requires that faculty make every effort to deal reasonably and fairly with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance. In this class, please let me know in a timely manner if one of the exam dates or assignment dates falls on a religious holiday you intend to observe and I will arrange for you to take a make-up. See policy details at: [http://www.colorado.edu/policies/fac\\_relig.html](http://www.colorado.edu/policies/fac_relig.html)

*Academic Integrity:*

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](mailto:honor@colorado.edu) ; (303)735-2273). 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://honorcode.colorado.edu>

### *Classroom Behavior:*

Students and faculty each have responsibility for maintaining an appropriate learning environment. Those who fail to adhere to such behavioral standards may be subject to discipline. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, color, culture, religion, creed, politics, veteran's status, sexual orientation, gender, gender identity and gender expression, age, disability, and nationalities. Class rosters are provided to the instructor with the student's legal name. I will gladly honor your request to address you by an alternate name or gender pronoun. Please advise me of this preference early in the semester so that I may make appropriate changes to my records. See policies at <http://www.colorado.edu/policies/classbehavior.html> and at [http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student\\_code](http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code)

### *Harassment Policy:*

The University of Colorado at Boulder (CU-Boulder) is committed to maintaining a positive learning, working, and living environment. The University of Colorado does not discriminate on the basis of race, color, national origin, sex, age, disability, creed, religion, sexual orientation or veteran status in admission and access to, and treatment and employment in, its educational programs and activities. (Regent Law, Article 10, amended 11/8/2001). CU-Boulder will not tolerate acts of discrimination or harassment based upon Protected Classes or related retaliation against or by any employee or student. For the purposes of this CU-Boulder policy, "Protected Classes" refers to race, color, national origin, sex, pregnancy, age, disability, creed, religion, sexual orientation, gender identity, gender expression, or veteran status. Individuals who believe they have been discriminated against should contact the Office of Discrimination and Harassment (ODH) at (303) 492-2127 or the Office of Student Conduct (OSC) at (303) 492-5550. Information about ODH, the above referenced policies, and the campus resources available to assist individuals regarding discrimination or harassment can be obtained at <http://hr.colorado.edu/dh/>

### *Course outline:*

A list of topics to be covered and likely dates is shown on the next pages:

## COURSE OUTLINE

<i>Date</i>	<i>Topic</i>	<i>Chapter</i>
14, 16, 18 Jan	INTRODUCTION Eleven Big Ideas Scarcity. Trade-off. Opportunity cost. Economics as a social science. Positive and normative. Circular flow model. Production possibility model.	1, 2
23,25 Jan	GAINS FROM TRADE Comparative advantage. Specialization. Mutual gains from trade.	3
28, 30 Jan. 1 Feb	DETERMINATION OF THE MARKET PRICE Competitive markets. Individual and market demand curves. Individual and market supply curves. Equilibrium: Law of Supply and Demand.	4 (pp. 65-78)
4 Feb	CHANGES IN MARKET CONDITIONS Shifts in the demand curve: substitutes and complements. Shifts in the supply curve.	4 (pp. 78-85)
6, 8 Feb	INTERFERING WITH THE MARKET MECHANISM Coordinating role of prices. <u>I</u> nelastic = steep, <u>E</u> lastic = flat. Price-ceiling and price-floors.	6 (pp. 111-121)

11, 13, 15 Feb	HOUSEHOLD DECISION-MAKING: BENEFIT MAXIMIZATION Benefit = willingness to pay. Consumer surplus Scarcity: budget line. Decision-making: marginal changes. Marginal benefit. Purchase decision rule: “marginal benefit = price” rule Consumer demand curve = marginal benefit curve. Individual net benefit (individual consumer surplus)	7 (pp. 135-140) and pp. 439-441
18 Feb	In-class review 7:00-9:00 pm FIRST MIDTERM	
20 Feb	HOUSEHOLD DECISION-MAKING AND SOCIETAL GAINS Society’s Marginal Benefit Society’s Net Benefit (society’s consumer surplus)	
22, 25 Feb	FIRM DECISION-MAKING AND SOCIETAL GAINS Marginal changes Marginal cost Production decision rule: “marginal cost = price” rule Operating profit (producer surplus), marginal operating profit.	7 (pp. 141-144)
27 Feb. 1 Mar	EVALUATING THE MARKET OUTCOME Market efficiency: First Fundamental Welfare Theory. Limitations: equity.	7 (pp. 145-151) and pp. 415-420
4, 6 Mar	APPLICATION OF MARKET EFFICIENCY International trade.	9 (pp.171-177, 180-189)
8,11,13,15,18 Mar	FIRMS: PRODUCTION AND COSTS Distinguishing accounting and economic costs. Production function, diminishing marginal product. Marginal Cost, increasing marginal cost. Fixed and Variable Costs. Average and Marginal Costs. Relationship between Average and Marginal Costs	13 (pp. 259-271)
20 Mar	In-class review 7:00-9:00 pm SECOND MIDTERM	

22 Mar	FIRM DECISION-MAKING: PROFIT MAXIMIZATION Profit maximization Marginal revenue. Entry Competitive firm's demand curve is horizontal Short-run and long-run	14      (pp. 279-282)
1, 3, 5 Apr	FIRM DECISION-MAKING: COMPETITIVE FIRM 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. 282-289)
8, 10 Apr	MARKET ADJUSTMENT 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. 289-293)
12,15,17,19 Apr	MARKET FAILURE: MONOPOLY Monopoly demand curve is downward sloping. Monopoly: marginal revenue < price. Monopoly output choice: "marginal revenue = marginal cost" rule. Natural process of innovation, profits and entry. Inefficiency: deadweight loss. Public policy discussion.	15      (pp. 299-313, 318-324)
22,24,26,29 Apr	MARKET FAILURE: EXTERNALITIES Divergence of group and individual incentives. Public policy discussion	10
1 May	INPUT MARKET: LABOR Labor Demand: "wage=value of marginal product of labor" rule  Labor Supply Market equilibrium	18     (pp. 375-389, 392-393)
3 May	In-class review	
8 May	7:30-10:00pm FINAL EXAM	