

PRINCIPLES OF MICROECONOMICS (ECON 2010-100)
Department of Economics, University of Colorado
Spring, 2015

Classtime:	M,W,F: noon-12:50pm	Room: MUEN E050
Professor:	Charles de Bartolome	Recitation instructor:
Office hours:	M 4:00 -5:00 pm; Tu 10:30-11:30am Fri 2:15-3:15pm.	Recitation time:
Office:	Econ 203.	Recitation place:
e-mail:	debartol@colorado.edu	Recitation office hours:
		Office:

Textbook: Mankiw, N. Gregory, *Principles of Microeconomics* (7th Edition) WITH APLIA ACCESS. Cengage Learning.

Buying Aplia on its own is expensive. I have negotiated a price of \$100 for the bundle when the book plus Aplia is purchased at the CengageBrain microsite:

<http://www.cengagebrain.com/course/1-1MYWXRm>

On opening this micro-site, buy the bundle “ePack: Principle of Microeconomics, 7th + Mindlink for Aplia Instant Access” by pushing the buttons as:

SHOW OPTIONS
+ ADD TO CART
CHECKOUT

The bundle contains a loose-leaf print-text (which will be mailed to you) plus a Mindlink for Aplia access code. To access Aplia, *do not enter* the code on the CengageBrain site, but instead enter the code *while inside* the course’s Desire2Learn (D2L) webpage.
(see below)

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 26 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 must be registered at: <https://myCUinfo.colorado.edu> .
Register using your Identity Login not your student ID.

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>

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 success 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 19 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. I use clicker questions to reinforce the main point of a lecture. A correct answer receives 1 point and an absence or an incorrect answer receives 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 an answer to the Problem Set which show evidence of effort (your answer need not be correct). If you are present and if your answer shows evidence of effort, you will receive a score of 1 for that week. If you are not present at the recitation and do not hand in an answer, you will receive a score of zero for that week. Your recitation leader will determine how you will be treated if (1) you are present but the answer which you hand in shows no evidence of effort or if (2) you are not present but submit in advance to your recitation leader an answer showing evidence of effort. You may not ask somebody else to hand in an answer on your behalf. In calculating your total score for recitations, I will omit your two lowest weekly scores.

Concerning the “creating knowledge” exercise: There are two due dates (to be announced). If an answer to the “creating knowledge” 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 25 February and the second due date is 11 March. A student gives in an answer to the “creating knowledge” exercise on 25 Feb but it is graded as incorrect. The student has until 11 March to submit a correct answer (he/she can have several answers graded before 11 March). If he/she submits a correct answer on or before 11 March, his/her overall course score is lowered 1%. If he/she fails to submit a correct answer on or before 11 March, his/her overall course score is lowered 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, 16 Feb 7:00 - 9:00 p.m. in TBA

SECOND MIDTERM: Wednesday 18 Mar 7:00-9:00pm in MATH 100

The final exam will be held as:

FINAL: Tuesday 5 May 1:30-4:00 pm in MUEN E050

You must bring three blue-books 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 .

Using Clickers:

I consider it cheating if a student uses another student's clicker.

You get a green light when your answer is registered. If you get a red light, your clicker is not registering and your score is automatically zero.

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 so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities. Contact:303-492-8671; Center for Community Building, Room N200; or <http://disabilityservices.colorado.edu>

If you have a temporary medical condition or injury, please see the guidelines at: <http://disabilityservices.colorado.edu>

Disability Services' letters for students with disabilities indicate legally mandated reasonable accommodations.

Religious Observances:

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, please let me know in a timely manner if one of the exam 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_religh.html

Classroom Behavior:

Students and faculty each have responsibility for maintaining an appropriate learning environment. Students 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/student-classroom-and-course-related-behavior>

And at:

<http://www.colorado.edu/studentaffairs/studentconduct/index.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 ; 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>

Discrimination and Harassment Policy:

The University of Colorado at 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 11/08/2001). 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 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 the 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/Pages/default.aspx>

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>
12, 14, 16 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
21,23 Jan	GAINS FROM TRADE Comparative advantage. Specialization. Mutual gains from trade.	3
26, 28, 30 Jan	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)
2 Feb	CHANGES IN MARKET CONDITIONS Shifts in the demand curve: substitutes and complements. Shifts in the supply curve.	4 (pp. 79-85)
4, 6 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)

9, 11, 13 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. 435-437
16 Feb	In-class review 7:00-9:00 pm FIRST MIDTERM	
18 Feb	HOUSEHOLD DECISION-MAKING AND SOCIETAL GAINS Society’s Marginal Benefit Society’s Net Benefit (society’s consumer surplus)	
20, 23 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)
25, 27	EVALUATING THE MARKET OUTCOME Market efficiency: First Fundamental Welfare Theory. Limitations: equity.	7 (pp. 144-151) and pp. 413-418
2, 4 Mar	APPLICATION OF MARKET EFFICIENCY International trade.	9 (pp.171-177, 180-189)
6,9,11,13,16 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)
18 Mar	In-class review 7:00-9:00 pm SECOND MIDTERM	

20 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)
30 Mar, 1, 3 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)
6, 8 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)
10,13,15,17 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, 319-323)
20,22,24,27 Apr	MARKET FAILURE: EXTERNALITIES Divergence of group and individual incentives. Public policy discussion	10
29 Apr	INPUT MARKET: LABOR Labor Demand: "wage=value of marginal product of labor" rule Labor Supply Market equilibrium	18 (pp. 373-386, 389-390)
1 May	In-class review	
5 May	1:30-4:00pm FINAL EXAM	