

PRINCIPLES OF MICROECONOMICS (ECON 2010-100)
Department of Economics, University of Colorado
Spring, 2011

Class time:	M,W,F: 1:00-1:50 pm	Room: CHEM 140
Professor:	Charles de Bartolome	Recitation instructor:
Office hours:	M 10:30-11:30am; Tu 9:15-10:15am Thurs 1:15 - 2:15 pm.	Recitation place:
Office:	Econ 203.	Recitation time:
e-mail:	debartol@colorado.edu	Office hours:
		Office:

Textbook: Mankiw, N. Gregory, (2009), *Principles of Microeconomics* (5th Edition) WITH APLIA ACCESS. Southwestern/CENGAGE Learning.

Support Material:

Each student must enroll in Aplia. In addition to providing additional learning materials, there will be weekly quizzes on Aplia which will be graded.

“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: cuconnect.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 CULearn:

All course assignments and some lecture notes are posted on the course page located at: <http://culearn.colorado.edu> .

In the past, some students have had difficulty in downloading some of the pdf files posted on CULearn . 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 17 Jan. Attendance at recitation is required.

Recitations will go over the weekly problem set which is posted on CULearn. Before the recitation, you must attempt to work through the weekly problem set which is posted on CU Learn. The recitation will then review 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 (1st quiz due by 10 am on Monday 24 Jan), recitations, an experiment and a data collection 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.

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. In calculating your total score for recitations, I will omit your two lowest weekly scores.

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, *you will be graded Fail*. If you subsequently pass the exercise within 6 months after the final, your grade will be changed to the grade earned in the midterms, the final, the in-class clicker questions, the Aplia quizzes, the recitations, the experiment, and the penalty (if applicable). If you do not pass the exercise within 6 months after the final, your grade will remain permanently as Fail.

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, 14 Feb 7:00 - 9:00 p.m. in CHEM 140

SECOND MIDTERM: Wednesday 16 Mar 7:00-9:00pm in CHEM 140

The final exam will be held as:

FINAL: Saturday 30 April 1:30-4:00pm 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.

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. Contact: 303-492-8671, C4C Building, and www.Colorado.EDU/disabilityservices

If you have a temporary medical condition or injury, please see the guidelines at: www.colorado.edu/disabilityservices/go.cgi?select=3Dtemporary.html

Harassment Policy:

The University of Colorado at Boulder policy on Discrimination and Harassment (<http://www.colordo.edu/policies/discrimination.html>), the University of Colorado policy on Sexual Harassment and the University of Colorado policy on Amorous Relationships) applies to all students, staff and faculty. Any student, staff or faculty member who believes s/he has been the subject of discrimination or harassment based on race, color, national origin, sex, age, disability, religion, sexual orientation, or veteran status should contact the Office of Discrimination and Harassment (ODH) 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 regarding discrimination or harassment can be obtained at: <http://www.colorado.edu/odh>

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_relig.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, culture, religion, politics, sexual orientation, gender, gender variance, 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

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 ; 303-725-2273). 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/>

Course outline:

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

<i>Date</i>	<i>Topic</i>	<i>Chapter</i>
10, 12 Jan	INTRODUCTION Eleven Big Ideas Scarcity. Trade-off. Opportunity cost. Economics as a social science.	1
14 Jan	THINKING LIKE AN ECONOMIST Positive and normative. Circular flow model. Production possibility model.	2
19, 21 Jan	GAINS FROM TRADE Comparative advantage. Specialization. Mutual gains from trade.	3
24, 26, 28 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. 63-78)
31 Jan	CHANGES IN MARKET CONDITIONS Shifts in the demand curve: substitutes and complements. Shifts in the supply curve.	4 (pp. 78-85)
2, 4 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. 113-123)

7, 9, 11 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. 137-142) and pp. 457-459
14 Feb	In-class: Review 7:00-9:00 pm FIRST MIDTERM	
16 Feb	HOUSEHOLD DECISION-MAKING AND SOCIETAL GAINS Society’s Marginal Benefit Society’s Net Benefit (society’s consumer surplus)	
18, 21 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. 143-146)
23, 25 Feb	EVALUATING THE MARKET OUTCOME Market efficiency: First Fundamental Welfare Theory. Limitations: equity.	7 (pp. 147-154) and pp. 433-436
28 Feb, 2 Mar	APPLICATION OF MARKET EFFICIENCY International trade.	9 (pp.177-182, 186-195)
4, 7, 9, 11,14 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. 267-279)
16 Mar	In-class: Review 7:00-9:00 pm SECOND MIDTERM	

18 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. 289-292)
28, 30 Mar, 1 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. 292-300)
4, 6 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. 301-304)
8, 11, 13, 15 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. 311-326, 332-338)
18, 20, 22, 25 Apr	MARKET FAILURE: EXTERNALITIES Divergence of group and individual incentives. Public policy discussion	10
27 Apr	INPUT MARKET: LABOR Labor Demand: "wage=value of marginal product of labor" rule Labor Supply Market equilibrium	18 (pp. 391-404, 409)
29 Apr	Review	
30 Apr	1:30-4:00pm FINAL EXAM	