

PRINCIPLES OF MICROECONOMICS (ECON 2010-100)  
Department of Economics, University of Colorado  
Spring, 2016

Class time:	M,W,F: noon-12:50pm	Room:	MUEN E050
Professor:	Charles de Bartolome	Recitation instructor:	
Office hours:	M 1:50 - 2:50 pm; Tu 10:15-11:15am	Recitation time:	
	F 1:50 - 2:50 pm.	Recitation place:	
Office:	IÔ •		

*Course description:*

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*Exams:* The two midterms will be given in the evening as:  
FIRST MIDTERM: Monday, 15 Feb 7:00 - 9:00 p.m. in TBA  
  
SECOND MIDTERM: Wednesday 16 Mar 7:00-9:00pm in TBA

The final exam will be held as:  
FINAL: Sunday 1 May 4:30-7:00 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](http://www.colorado.edu/economics) > undergraduate > drop-in tutorial lab

*Tutors:*

The Department of Economics keeps a list of tutors. Please contact the department's Main Office if you would like to review the list. The Main Office is in Room 212 in the Economics Building.

*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\\_relig.html](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, 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](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>

*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>
11, 13, 15 Jan	<b>INTRODUCTION</b> Eleven Big Ideas Scarcity. Trade-off. Opportunity cost. Economics as a social science. Positive and normative. Circular flow model. Production possibility model.	1, 2
20,22 Jan	<b>GAINS FROM TRADE</b> Comparative advantage. Specialization. Mutual gains from trade.	3
25, 27, 29 Jan	<b>DETERMINATION OF THE MARKET PRICE</b> Competitive markets. Individual and market demand curves. Individual and market supply curves. Equilibrium: Law of Supply and Demand.	4 (pp. 65-78)
1 Feb	<b>CHANGES IN MARKET CONDITIONS</b> Shifts in the demand curve: substitutes and complements. Shifts in the supply curve.	4 (pp. 79-85)
3,5 Feb	<b>INTERFERING WITH THE MARKET MECHANISM</b> Coordinating role of prices. <u>I</u> nelastic = steep, <u>E</u> lastic = flat. Price-ceiling and price-floors.	6 (pp. 111-121)
8, 10, 12 Feb	<b>HOUSEHOLD DECISION-MAKING: BENEFIT MAXIMIZATION</b> 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
15 Feb	In-class review 7:00-9:00 pm <b>FIRST MIDTERM</b>	

17 Feb	HOUSEHOLD DECISION-MAKING AND SOCIETAL GAINS Society's Marginal Benefit Society's Net Benefit (society's consumer surplus)	
19, 22 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)
24, 26	EVALUATING THE MARKET OUTCOME Market efficiency: First Fundamental Welfare Theory. Limitations: equity.	7 (pp. 144-151) and pp. 413-418
29 Feb, 2 Mar	APPLICATION OF MARKET EFFICIENCY International trade.	9 (pp.171-177, 180-189)
4,7,9,11,14 Mar	FIRMS: PRODUCTION AND COSTS Distinguishing accounting and economic costs.	13 (pp. 259-271)



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. 279-282)
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. 282-289)
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. 289-293)
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. 299-313, 319-323)
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. 373-386, 389-390)
29 Apr	In-class review	
1 May	4:30-7:00pm FINAL EXAM	