

PRINCIPLES OF MICROECONOMICS (ECON 2010-100)

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>

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

SECOND MIDTERM: Wednesday 17 Mar 7:00-9:00pm in CHEM 140

The final exam will be held as:

FINAL: Wednesday 5 May 4:30-7:00pm 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, Willard 322 and www.Colorado.EDU/disabilityservices .

Harassment Policy:

The University of Colorado at Boulder policy on Discrimination and Harassment (<http://www.colorado.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 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. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences in race, culture, religion, politics, sexual orientation, 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>
11, 13 Jan	INTRODUCTION Eleven Big Ideas Scarcity. Trade-off. Opportunity cost. Economics as a social science.	1
15 Jan	THINKING LIKE AN ECONOMIST Positive and normative. Circular flow model. Production possibility model.	2
20, 22 Jan	GAINS FROM TRADE Comparative advantage. Specialization. Mutual gains from trade.	3
25, 27, 29 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)
1 Feb	CHANGES IN MARKET CONDITIONS Shifts in the demand curve: substitutes and complements. Shifts in the supply curve.	4 (pp. 78-85)
3, 5 Feb	INTERFERING WITH THE MARKET MECHANISM	6 S-2.-.4(rkets.)

8, 10, 12 Feb	<p>HOUSEHOLD DECISION-MAKING: BENEFIT MAXIMIZATION</p> <p>Benefit = willingness to pay.</p> <p>Consumer surplus</p> <p>Scarcity: budget line.</p> <p>Decision-making: marginal changes.</p> <p>Marginal benefit.</p> <p>Purchase decision rule: “marginal benefit = price” rule</p> <p>Consumer demand curve = marginal benefit curve.</p> <p>Individual net benefit (individual consumer surplus)</p>	<p>7</p> <p>(pp. 137-142)</p> <p>and pp. 457-459</p>
15 Feb	<p>In-class: Review</p> <p>7:00-9:00 pm FIRST MIDTERM</p>	
17 Feb	<p>HOUSEHOLD DECISION-MAKING AND SOCIETAL GAINS</p> <p>Society’s Marginal Benefit</p> <p>Society’s Net Benefit (society’s consumer surplus)</p>	
19, 22 Feb	<p>FIRM DECISION-MAKING AND SOCIETAL GAINS</p> <p>Marginal changes</p> <p>Marginal cost</p> <p>Production decision rule: “marginal cost = price” rule</p> <p>Operating profit (producer surplus), marginal operating profit.</p>	<p>7</p> <p>(pp. 143-146)</p>
24, 26 Feb	<p>EVALUATING THE MARKET OUTCOME</p> <p>Market efficiency: First Fundamental Welfare Theory.</p> <p>Limitations: equity.</p>	<p>7</p> <p>(pp. 147-154)</p> <p>and pp. 433-436</p>

	Profit maximization Marginal revenue. Entry Competitive firm's demand curve is horizontal Short-run and long-run	(pp. 289-292)
29, 31 Mar, 2 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)
5, 7 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)
9, 12, 14, 16 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)
19, 21, 23, 26 Apr	MARKET FAILURE: EXTERNALITIES Divergence of group and individual incentives. Public policy discussion	10
28 Apr	INPUT MARKET: LABOR Labor Demand: "wage=value of marginal product of labor" rule Labor Supply Market equilibrium	18 (pp. 391-404, 409)
30 Apr	Review	
5 May	4:30-7:00pm FINAL EXAM	