PRINCIPLES OF MICROECONOMICS (ECON 2010-100)
Department of Economics, University of Colorado
Spring, 2012

Classtime:	M,W,F: 1:00-1:50 pm	Room: CHEM 140
Professor:	Charles de Bartolome	Recitation instructor:
Office hours:	M 9:30-10:30am; Tu 10:30-11:30am	Recitation place:
	Th 1:30 - 2:30 pm.	Recitation time:

Mankiw, N. Gregory (2009), Principles of Microeconomics

Course description:

Microeconomics is about what goods get produced and at what prices they are sold. The individual must decide which 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 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 some 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: [illegible] ×FV h or.

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, y

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 grante

COURSE OUTLINE

Date	Topic	Chapter
18, 20 Jan	INTRODUCTION Eleven Big Ideas Scarcity. Tradeoff. Opportunity cost. Economics as a social science.	1
23 Jan	THINKING LIKE AN ECONOMIST Positive and normative. Circular flow model. Production possibility model.	2
25,27 Jan	GAINS FROM TRADE Comparative advantage. Specialization. Mutual gains from trade.	3
30 Jan. 1,3 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)
6 Feb	CHANGES IN MARKET CONDITIONS Shifts in the demand curve: substitutes and complements. Shifts in the supply curve.	4 (pp. 78-85)
8, 10 Feb	INTERFERING WITH THE MARKET MECHANISM Coordinating role of prices. Inelastic = steep, Elastic = flat. Price-ceiling and price floors.	6 (pp. 111-121)

13, 15, 17 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
20 Feb	In-class review 7:00-9:00 pm FIRST MIDTERM	
22 Feb	HOUSEHOLD DECISION-MAKING AND SOCIETAL GAINS Society's Marginal Benefit Society's Net Benefit (society's consumer surplus)	
24, 27 Feb	FIRM DECISION-MAKING AND SOCIETAL GAINS Marginal changes Marginal cost Production decision rule: "marginal cost = price" rule Operating profit (producer suplus), marginal operating profit.	7 (pp. 141-144)
29 Feb. 2 Mar	EVALUATING THE MARKET OUTCOME Market efficiency	7

23 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)
2, 4, 6 Apr	FIRM DECISION-MAKING: COMPETITIVE FIRM Presence rule of existing firm: “produce if price >= min average variable cost" rule. Presence rule of new firm: "enter if price >= 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)
9, 11 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)
13,16,18,20 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)
23,25,27,30 Apr	MARKET FAILURE: EXTERNALITIES Divergence of group and individual incentives. Public policy discussion	10
2 May	INPUT MARKET: LABOR Labor Demand: “wage=value of marginal product of labor” rule Labor Supply Market equilibrium	18 (pp. 375-389, 392-393)
4 May	In-class review	
7 May	1:30-4:00pm FINAL EXAM	