

Principles of Microeconomics
Econ 2010 Section 600
Fall 2006 Syllabus

Instructor: Jason Pearcy
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Time & Location: T and Th 3:30-4:45 in EDUC 220

Course Page: <http://www.colorado.edu/Economics/courses/pearcy/2010>

Office Hours: Tuesday 9-11
and by appointment

Required Texts:

- Mankiw, N. Gregory, (2006), *Principles of Microeconomics*, 4th Edition, Thomson South-Western.
- Hakes, David R. (2006), *Study Guide to accompany Principles of Microeconomics, 4e*, Thomson South-Western.

Course Description:

Microeconomics is about how individuals and firms make decisions about what to do with the resources they have and how they interact with one another. Since we're all individuals and some of us may run firms one day (or at least interact with them), microeconomics has to do with us. We'll approach the decision making and interaction parts in a scientific way that most students are unfamiliar with. This will hopefully give you a new perspective on your day to day actions and introduce you to the 'economic way of thinking'. With this new perspective, you'll be able to better understand the decisions firms and individuals make, which will hopefully shed new light on current events and policy analysis.

In the first part of the course, we'll look at very basic individual and firm decisions: what to buy and produce and how much to buy and produce. From this analysis, a simple model of individual and firm interaction (supply and demand) will result. In the next part of the course, we'll use this model to see how government policies effect the interactions and outcomes of the supply and demand model. The last part of the course will focus on the optimal behavior of the firm. We'll look at how the firm should act depending on whether there is one firm, a couple firms, or many firms in the same market and how the actions of individual firms relate back to the model of supply and demand.

My goal is to make this course both challenging and intellectually stimulating. To help me achieve this goal and for you to get the most out of this course, there are certain things I expect for you to do throughout the semester. First off, you should read the book. I feel the book is a good introductory microeconomics text, it supplements the material presented

Additional Notes:

Tentative Course Outline:

Week 1	Introduction: 7 Principles, Scarcity, Tradeoffs Opportunity costs, Marginal thinking Thinking Like an Economist: Economics as a science, Use of models, Circular-flow, Production possibilities, Positive versus normative	Chapters 1 & 2
Week 2	Gains From Trade: Absolute advantage, Comparative advantage, Specialization, Mutual gains from trade	Chapter 3
Week 3 & 4	Supply and Demand: Competitive markets, Individual versus the market, Demand versus quantity demanded, Supply versus quantity supplied, Market equilibrium Elasticity: Price elasticity of demand, Midpoint formula, Revenue and elasticity	Chapters 4 & 5
Week 5	Government Policies: Price ceilings and floors, Taxes	Chapter 6
Week 6	Midterm 1 - Tues. Oct. 3	Chapters 1-6
Week 7	Measuring Welfare: Marginal changes, Consumer surplus, Producer Surplus, Deadweight loss, Total surplus	Chapters 7 & 8
Week 8	International Trade: World price and domestic price, Welfare analysis, Effects of a tariff Externalities: Positive versus negative, Consumption versus production, Private solutions, Coase theorem, Public policies	Chapters 9 & 10
Week 9	Types of Goods: Four types of goods, Free-rider, Tragedy of the commons Types of Taxes: Lump-sum, Proportional, Regressive, Progressive, Equity and incidence	Chapters 11 & 12
Week 10	Costs of Production: Accounting versus economic costs, Production function, Total and marginal cost, Fixed and variable cost, Average and marginal cost, Short and long run	Chapter 13

Week 11	Midterm 2 - Thurs. Nov. 9	Chapters 7-13
Week 12	Competitive Firms: Marginal revenue, Profit maximization, Production decision, Profit or loss, Short run and long run behavior, Shut down decision, Entry or exit decision, Firm level versus market level, Determining supply curves, Adjustment to the long run equilibrium	Chapter 14
Week 13	Monopoly: Demand and marginal revenue for a monopolist, Production and price decisions, Natural monopoly, Welfare effects	Chapter 15
Week 14	Oligopoly and Game Theory: Duopoly, Cartel formation, Simultaneous games, Dominant strategies, Prisoners' Dilemma	Chapter 16
Week 15	Monopolistic Competition: Differentiated products, Short and long run behavior, Adjustment to the long run equilibrium	Chapter 17
Week 16	Final Exam - Sat. Dec. 16 4:30-7:00 p.m. in EDUC 220	Chapters 1-17