

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: Recitation time:
Office:	Econ 203.	Office hours:
e-mail:	debartol@colorado.edu	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

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

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 clap -7b±D

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.	15 (pp. 311-326, 331-334, 336-341)