Principles of Microeconomics, spring 2015
Economics 110
Professor: Thomas Bishop

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Office hours: Monday, Wednesday 11:00-12:00 and 4:30-6:00, or by appointment

Class time, location: Tuesday 16:30-19:20, Broome Library 2490

Course website: CI Learn from http://myci.csuci.edu/ (This site has lecture notes, answers to homework assignments and exams and a link for sending me documents.)


Grading system

Your grade for the course is based on homework and exams in the following way:

<table>
<thead>
<tr>
<th>Task</th>
<th>Percent of grade</th>
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<tbody>
<tr>
<td>Homework assignments</td>
<td>25</td>
</tr>
<tr>
<td>Midterm exam</td>
<td>35</td>
</tr>
<tr>
<td>Final exam</td>
<td>40</td>
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</table>

Grades assigned to final scores calculated from the homework and exams will be allocated according to the following distribution:

- 90%-100%: A+, A, A-
- 80%-89%: B+, B, B-
- 70%-79%: C+, C, C-
- 60%-69%: D+, D, D-

I may also adjust the scores to account for the difficulty of the course. For example, if few people get a final score above 90%, then I will give out more As to account for difficulty of the English instruction or exams. In this case, I can allocate up to 30%-50% As and up to 65%-90% As and Bs.

Exams

There will be no make-up exams, so if you can not attend class on the day of the exams or you can not attend the final exam, please do not enroll in this course for a grade. You are welcome to take the course for a pass-fail grade. You may not have a job interview during an exam and take a make-up exam later!

The mid-term exam will cover all material up to that date. The final exam will concentrate on material after the mid-term exam, but may also include some earlier exam questions. Both exams will include multiple choice questions focused on the lecture slides, textbook and homework (also taken from the textbook) and possibly a few questions requiring written answers.
Homework

Late homework will not be accepted. If you cannot finish in time, hand in what you have completed for partial credit. I do this out of fairness for your fellow students. If you know that you will be out of town or otherwise unavailable when the assignment is due, you must submit it early. Please turn in your assignments at class time by the end of class time on the due date.

Homework assignments are generally from the end of each assigned chapter, and they are completed in teams. I will initially assign teams, but you are free to switch teams before the first homework assignment is due. Each team should have 3-5 students, and work should be allocated equally. A team submits only one copy of answers, and all team members receive the same grade for the assignment. When you turn in your homework assignment, write the names of each team member in the upper right corner of the first page, so that credit can be given to each member.

Answers to the homework problems will be posted on the website after the due date. You are expected to read the answers to the homework assignments by yourself, since I will not generally cover homework assignments in lecture.

Class participation

Regular class participation can help your grade if you are on the borderline between two grades. For example, if you are at the cutoff between a B+/A, regular class participation would boost your grade to an A.

Course overview

This course considers several principles of microeconomics: how prices affect consumer and producer behavior, how prices accurately measure the value that society places on resources, how people can gain from specialization and trade, how much consumers and producers respond when prices change, how prices fail to accurately measure social value in some cases, the effects of taxes and other government policies, the effects of competition or lack of competition on the behavior of producers, how aspects of consumer choice can be formalized with theory.

The course is a mix of theory and applications of theory to real policies and issues. The theory is intended to give you a methodical way to think about important issues in economics (and in real life) and to simplify them so that they are more comprehensible.

Our class time will include lecture and discussion. Lecture material will be based on the material from the textbook, so it is good to read the text before or shortly after class.

Program Learning Goals: Skills that I aim to convey and to teach in the course include

1. critical thinking and analysis of microeconomic issues
2. oral communication through questions and answers in class
3. written communication through written homework assignments
4. collaboration through homework assignments
5. ethical conduct: no cheating on exams, but cooperation/collaboration for homework is encouraged.
6. competency in microeconomics to prepare yourself for jobs and personal finances (see course learning outcomes)
Course Learning Outcomes: At the end of this course, good students will be able

- to explain how specialization can individuals, institutions or countries more efficient and how trade can make them be able to afford more goods and services
- to understand the willingness and ability to buy and to sell as a function of price and how they vary depending on price
- to understand the concept of elasticity or how much behavior changes when price changes
- to explain the effects of price ceilings, price floors and taxes affect consumption and production
- to understand how competitive markets help consumers, producers and society
- to understand how externalities result in losses for society when consumers and producers freely interact
- to explain the concept of public goods and common resources
- to calculate costs in their various forms
- to understand how competition affects the willingness to buy and to sell
- to understand how competition affects the welfare of society
- to understand how the lack of competition (monopoly) affects the willingness sell and the welfare of society
- to understand how the lack of competition (monopolistic competition) affects the willingness sell and the welfare of society
- to explain the concepts of asymmetric information and its effects
- to understand outcomes from voting and bounded rationality

<table>
<thead>
<tr>
<th>Date</th>
<th>Lecture topic</th>
<th>Assigned reading</th>
<th>Homework assignment</th>
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<tbody>
<tr>
<td>1.20</td>
<td>Gains from specialization and trade</td>
<td>Chapter 3</td>
<td></td>
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<tr>
<td>1.27</td>
<td>Price and the willingness to buy: consumer and producer behavior</td>
<td>Chapter 4</td>
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<tr>
<td>2.3</td>
<td>Elasticity of demand and supply</td>
<td>Chapter 5</td>
<td></td>
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<tr>
<td>2.10</td>
<td>Markets and government policies</td>
<td>Chapter 6</td>
<td>Chapter 5 problems due: 2, 4, 5, 7</td>
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<tr>
<td>2.17</td>
<td>Measuring social value and efficiency: consumer and producer surplus</td>
<td>Chapter 7</td>
<td>Chapter 6 problems due: 2, 4, 7, 10</td>
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<td>2.24</td>
<td>The effects of taxes</td>
<td>Chapter 8</td>
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<tr>
<td>3.3</td>
<td>Externalities: mismatch of prices and social value</td>
<td>Chapter 10</td>
<td>Chapter 8 problems due: 3, 4, 7, 8</td>
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<td>3.10</td>
<td>Midterm Exam</td>
<td>Chapter 11</td>
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<tr>
<td>4.7</td>
<td>Measuring productivity and costs</td>
<td>Chapter 13</td>
<td>Chapter 11 problems due: 1, 2, 3, 7</td>
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<td>4.14</td>
<td>Costs, revenue and profit in competitive markets</td>
<td>Chapter 14</td>
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<tr>
<td>4.21</td>
<td>Costs, revenue and profit in monopolies</td>
<td>Chapter 15</td>
<td>Chapter 14 problems due: 3, 5a, 8, 10</td>
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<tr>
<td>4.28</td>
<td>Costs, revenue and profit in monopolistically competitive markets</td>
<td>Chapter 16</td>
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<td>5.5</td>
<td>Asymmetric information, voting and bounded rationality</td>
<td>Chapter 22</td>
<td>Chapter 16 problems due: 2, 3, 4, 6</td>
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<tr>
<td>5.12</td>
<td>Final exam</td>
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