Principles of Microeconomics, Fall 2012

Economics 110

Lecturer: Dr. Niklas Hunter

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Office hours: M 4:30 -5:45pm, T 11:30am - 1:15pm

Class time: Class location:

M 6:00-8:50pm Bell Tower 1602

Midterm: Monday, 22 Oct. (in class)

Final exam: Monday, 10 Dec, 7:00 – 9:00 pm (in class)

Course website: <http://blackboard.csuci.edu>

Required text: Principles of Microeconomics (6th ed.), N. Gregory Mankiw

(South-Western Cengage Learning) 2011.

Grading system

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

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| --- | --- |
| Task | Percent of grade |
| Homework assignments | 20 |
| Midterm | 35 |
| Final Exam | 45 |
| Total | 100 |

Grades for total points from the homework and exams will be assigned 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-

0%-59%: F

I may also adjust the scores to account for the difficulty of the exams. For example, if few people get a final score above 90% because of difficult exams, then I will give out more As to account for difficultly of the exams. In this case, I typically assign a median (midpoint) grade of a B-/C+.

Exams

There will be no make-up exams, so if you can not attend class on the day of the midterm or the final exam, please do not enroll in this course for a letter grade. You are welcome to take the course for a pass-fail grade.

Exams will include both multiple choice and “short-answer” questions, which are drawn from lecture notes, textbook reading and homework material. The final exam questions will be concentrated heavily on material covered after the second in-class exam, but will also include some earlier material. Thus, the Final Exam is cumulative, but is heavily weighted on post-midterm material.

Homework assignments

There are seven homework assignments, each equally weighted. Homework assignments are composed of the same type of question structure (and difficulty) as the exam questions. Homework assignments are composed of multiple choice, quantitative/short answer questions. These are designed to keep you from falling behind, and prepare you for the exams (as opposed to being “busy work”). Late homework will not be accepted. Some of the homework assignments will be turned in electronically via blackboard. However, several homework assignments must be handed in during the beginning of class on the date it is due. You may submit a homework assignment early, but never late. I will drop your lowest HW score. In other words, I will only count your best six homework scores.

Attendance & class participation

Attendance at lectures is crucial for success in this class. Because this class meets only once a week (as opposed to twice a week), missing a lecture is tantamount to missing an entire week’s worth of lecture material. As illustrated in the course schedule below, there are two campus holidays that fall on Mondays this semester. Thus, the 16-week semester features only 14 lecture meetings for this section of Econ 110. Furthermore, two of the 14 lecture meetings are scheduled for exams. In sum, there are only 12 lectures, and missing more than one lecture will almost invariably have a negative impact on your grade. I will take role each week to keep track of your attendance. Regular class participation should positively affect your grade, particularly 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 course grade to an A-.

Course overview

This course applies economic reasoning to the decisions of both consumers and producers and examines the consequences of those decisions for society as a whole. The main objective of the course is to help you understand the rationale of economic decision makings by the individual and the firm and to understand how the market operates. Complex economic relations will be synthesized into simple and manageable economic models. The organization of markets and its implications for firm behavior are also examined. Then, real world examples and current issues are used to explain the theory. Moreover, the process by which these markets reach equilibrium is explored. Finally, it will be established that government involvement and intervention in the market are legitimized only when the market fails to function efficiently on its own.

Microeconomics is the study of decisions that people and businesses make regarding the allocation of resources and prices of goods and services. The main objective is to help you understand the rationale of economic decision makings by the individual and the firm and to understand how the market operates. The course focuses on the behavior of the small economic units and describes how an individual makes a purchase decision or how a firm sets the prices of its products. Therefore, we will focus on the supply and demand and other forces that determine the price levels seen in the economy. The course will alert you to the implications of microeconomics situations for managerial and personal decisions you will be making in the years ahead. The organization of markets and its implications for firm behavior are also examined. Moreover, the process by which these markets reach equilibrium is explored. Finally, it will be established that government involvement and intervention in the market are legitimized only when the market fails to function efficiently on its own.

Student Learning Objectives:

• Identify and distinguish positive and normative methods of economic analysis.

• Thoroughly understand and competently apply the supply-demand framework in analyze

economic issues

• Apply the concept of marginal analysis in optimization decisions faced by economic participants

(firms, consumers, workers, etc.)

• Employ economic tools (including but not limited to models, equations, graphs, etc.) to real-

world situations, and generate logically consistent arguments regarding efficiency and welfare (of

market participants), and the impact of key public policies.

• Distinguish various concepts of economic costs and their relevance to a firm’s decision making.

• Identify circumstances where markets may fail and forecast likely outcomes of such failures.

• Analyze government solutions to market failures.

• Extend learned economic reasoning to other (seemingly non-economic) issues

Cheating

Do not cheat. If you are caught looking at another student’s exam (or any other form of cheating), you will receive an F on that exam. Any case of cheating will be referred to Judicial Affairs. Working with classmates on homework assignments, however, is not cheating and is encouraged.

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# Disability Accommodations

# *Cal State Channel Islands is committed to equal educational opportunities for qualified students with disabilities in compliance with Section 504 of the Federal Rehabilitation Act of 1973 and the Americans with Disabilities Act (ADA) of 1990. The mission of Disability Accommodation Services is to assist students with disabilities to realize their academic and personal potential. Students with physical, learning, or other disabilities are encouraged to contact the Disability Accommodation Services office at (805) 437-8510 for personal assistance and accommodations.*

Course Schedule: Subject to changes as necessary through the semester. For example, I may push a HW due date back, but never forward. The exam dates and review session dates will not change

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| --- | --- | --- | --- |
| **Date** | **Lecture topic** | **Textbook reading** | **HW Due** |
| 27 Aug. | Introduction, Thinking Like an Economist. | Chapter 1,2 |  |
| **3 Sept.** | **No class: Labor Day** |  |  |
| 10 Sept. | Interdependence and Gains from Trade | Chapter 2, 3 |  |
| 17 Sept. | Supply & Demand | Chapter 4 | HW1 |
| 24 Sept. | Elasticity | Chapter 5 | HW2 |
| 1 Oct. | Supply, Demand & Govt. Policies | Chapter 6 |  |
| 8 Oct. | Efficiency of Markets | Chapter 7 | HW3 |
| 15 Oct. | Externalities, Public Goods & Common Resources | Chapters 10, 11 |  |
| **22 Oct.** | **Midterm Chapters 1-7, 10, 11.** | | |
| 29 Oct. | The Costs of Production | Chapter 13 | HW4 |
| 5 Nov. | Firms in Competitive Markets | Chapter 14 | HW5 |
| **12 Nov.** | **No Class: Veterans’ Day** |  |  |
| 19 Nov. | Monopoly | Chapter 15 | HW6 |
| 26 Nov. | Monopolistic Competition & Oligopoly | Chapters16, 17 |  |
| 3 Dec. | Income Inequality and Poverty | Chapter 20 | HW7 |
| **10 Dec.** | **Final Exam: 7-9pm** | **Cumulative** |  |