



**Syllabus**  
**Econ 002: Principles of Microeconomics**  
*Fall 2012*

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**Office Hours:** TBA

**Course Time:** 6:00 pm - 8:50 pm, Monday, Aug 27 - Dec 14

**Course Location:** 0101 Meredith Hall

**Description:**

*ECON 002 Principles of Microeconomics* is an introductory undergraduate course that teaches the fundamentals of microeconomics. This course introduces microeconomic concepts and analysis, supply and demand analysis, theories of the firm and individual behavior, competition and monopoly, and welfare economics. Students will also be introduced to the use of microeconomic applications to address problems in current economic policy throughout the semester.

This course begins with an introduction to supply and demand and the basic forces that determine economic equilibrium in a market economy. We then turn our attention to firms and their decisions about optimal production, and the impact of different market structures on firms' behavior. The final section of the course provides an introduction to some of the more advanced topics that can be analyzed using microeconomic theory.

By the end of the course, you will be able to understand introductory microeconomic theory, solve basic microeconomic problems, and use these techniques to think about a number of policy questions relevant to the operation of the real economy.

**Prerequisites:**

There are no college-level prerequisite courses for ECON 002. However, students are expected to have a basic understanding of graphs, fractions and simple algebra. Note: This course is substantially more advanced than most high school economics courses and has no relation to courses in "home economics" or "consumer economics" despite the similar names.

**Course objectives:**

After completing this course, students should have developed a range of skills enabling them to understand economic concepts and use those concepts to analyze specific questions.

By the end of this course, students should be able to:

- Understand consumer behavior.
- Understand firm behavior.
- Analyze different types of market structures (monopoly, oligopoly and a competitive market).
- Understand how to apply economic principles to a range of policy questions.

Students should also have the skills needed to:

- Use supply and demand diagrams to analyze the impact of overall changes in supply and demand on price and quantity.
- Understand the consumer's labor supply decision.
- Analyze the behavior of firms in a perfectly competitive market in the short-run and the long-run.
- Calculate producer and consumer surplus.
- Analyze the behavior of firms in a monopoly or oligopoly, and calculate the resulting changes in producer or consumer surplus.
- Use economic tools to analyze economic policies.

**Textbook and Related Readings:**

One good way to understand economics and to find it interesting is to read a variety of books which apply economic principles to daily lives. A textbook can present you all basic principles and doctrines of a subject but sometimes it tends to be over-abstract and lack specifics and make students who take economics courses for the very first time feel hard to grasp and understand basic ideas. Also for students who are research-oriented, either to write a report analyzing an investment opportunity or to write an article regarding certain socio-economic situation in a city for school or local newspaper, textbook does not provide good guidance in performing these tasks. To help students have a better understanding of economics and have an early start in research, besides the required textbook shown below, I have listed several books I personally find interesting and relevant to this course. You are not required to purchase any of these

supplementary books. If you are interested in any book, you can first check the library to see if it has a copy or try to read it on Google Books.

**Textbook:**

- **Required:**

- *Principles of Microeconomics*, 6<sup>th</sup> edition, by N. Gregory Mankiw

This book is available to purchase at the university bookstore. It is shelved under Econ 2. Notice that it may be shelved under a different instructor's name due to a late change of instructor for this course. Please make sure that you have bought the right textbook since the one I am using for this class is different from the book adopted by the previous instructor.

**General Readings (Optional, not required to purchase):**

- *Triumph of Cities*, by Edward Glaeser

This book presents economic analysis regarding urban economics: why certain industries tend to cluster, for example, silicon valley; why some cities are rising in their economic might while others are declining, like New York City and Detroit. Besides, this books shows research results on socio-economic phenomenon such as urban segregation and the formation of ghettos.

- *The Wisdom of Crowds: Why the Many Are Smarter Than the Few and How Collective Wisdom Shapes Business, Economies, Societies and Nations*, by James Surowiecki

This book shows cases regarding how decision made from a group of people with different opinions tends to outperform those from a single person or groups of people sharing similar views.

- *Micromotives and Macrobehavior*, by Thomas Schelling

An excellent book written by Nobel laureate in economics, Thomas Schelling back in the 1970s. This book is nick-named "game theory without math" as it uses daily life examples to show the basic idea of game theory. It also serves as a good source on understanding the impact of information asymmetry on our daily economic lives. Besides, Schelling first applied evolutionary game theory to the study of racial segregation in the US.

- *The New Geography of Jobs*, by Enrico Moretti

This is a very new book on the economic analysis of job search, unemployment and labor market in the US.

- *Bowling Alone: the Collapse and Revival of American Community*, by Robert Putnam

This is an excellent book linking economics to sociology.

- *Why Nations Fail*, by D. Acemoglu and J. Robinson

This is a new book related to political economy and economic history.

- *The Age of Turbulence*, by A. Greenspan

A book written by former chairman of the Federal Reserve.

**Computer Skill Books (Optional, not required to purchase):** A key component in studying economics is to analyze economic, business and financial data and be able to present your result using a combination of graphs, pie charts, bar plots, etc. You are encouraged to bring your laptop to class since I will give many in-class demonstrations using relevant computer software. Since this is an introductory course, you are recommended to use Microsoft Office, especially Excel, to do several tasks in your weekly homework; it includes work like mathematical calculation and generating graphs. If you are already familiar with Excel, then you are in good shape in this class. If you have not used it before, don't worry, I have listed some books useful below to help you quickly pick it up.

- *Microsoft Office 2010 Digital Classroom*, by AGI creative team and AGI training team
- *Microsoft Excel 2010: Data Analysis and Business Modeling*, by Wayne Winston

### **Requirements:**

- Problem Sets: There will be weekly problem sets and they will be posted on Monday of each instruction week. Since solutions will be provided after you turning in your assignments, I do not accept late problem sets. **You are welcome to work in groups (no more than four members) on the problem sets.**

- Group Presentation: You are encouraged to form a group of four to do a case study using economic principles learned in this class and give a 15 – 20 minutes in-class presentation. It is up to your group to decide who chooses the topic, who makes slides and who presents.
- Quiz: We will have a quiz during each lecture except for those dates with scheduled mid-terms. All quizzes are open notes. No quiz in the first lecture.
- Mid-Terms: Three in-class exams will be given on Sep 24, Oct 29 and Nov 26, respectively. *The highest TWO will count. Mid-terms are non-cumulative.* You have 60 minutes for each exam.
- Final Exam: It will be held in class on Dec 10. Final exam will be comprehensive. You have 120 minutes for the final exam.
- All exams are closed book.
- No make-up mid-term will be given since only two out of three count.
- Make-up exam for the final: Only "excused absences" (See details on valid excuses below) under university guidelines will be considered as valid excuses for missing final. To know about these, talk to an advisor. No other excuses will be accepted. The student must be prepared to substantiate his/her excuse for absence with documents (such as a physician's letter, note from a family member or a university authority) and a make-up final exam will be accordingly arranged for him/her under the circumstances. Unexcused absences will be graded zero.

**Grading:**

<b>Problem Sets</b>	<b>20%</b>
<b>Quiz</b>	<b>20%</b>
<b>Presentation</b>	<b>10%</b>
<b>Mid-terms</b>	<b>20%</b>
<b>Final Exam</b>	<b>30%</b>

**Important Dates:**

<b>Labor Day</b>	<b>Sep 3</b>
Exam 1	Sep 24
<b>Fall Break</b>	<b>Oct 15</b>
Exam 2	Oct 29
Exam 3	Nov 26
Final Exam	Dec 10

### **Course Web Site:**

- My personal web page: <https://sites.google.com/site/anweny/>
- Drake University **Blackboard 9**. (URL: <http://bb9.drake.edu>)
- Problem sets, solutions, all extra readings and handouts will be posted both on my personal web site and **Blackboard 9**

### **Academic Integrity:**

The CBPA's [Academic Integrity Policy](#) applies to this course. The consequences of violating this policy vary, depending on my evaluation of the severity of the dishonesty. A violation (such as cheating, plagiarism, or fabrication) can result in a grade of zero on the test or assignment, an F for the course grade, or even expulsion from the university. Please read the policy and ask for clarification if necessary.

### **Disabilities:**

Any student who has a physical or mental disability that substantially limits his or her ability to perform in this course under normal circumstances should contact Student Disability Services, 271-1835, to request any accommodations. Any request must be received and approved (by the instructor, among others) at least one week before the necessary accommodation. All relevant information will be kept strictly confidential.

### **Attendance:**

Attendance is **mandatory** since all exams, assignments and quiz questions closely follow the lectures. It is your responsibility to find out what was covered in class if you do miss a lecture. I will not go over the missed material in office hours.

Want to be successful in this course? **Then don't skip class!**

### **Valid Excuses:**

If your own medical emergency, or a serious illness or death in your family causes you to miss class the date a homework exercise is due or an exam is given, you may be given an extension on a homework exercise or a makeup exam. However, you must inform me of the emergency before class (e.g., by phone) and soon afterward submit a written explanation (including date of absence and documentation).

Certain other circumstances are acceptable reasons for missing class. These include religious observance, medical appointment, interview trip, and athletic team trip. Because these circumstances can be predicted,

a written explanation including date of absence must be submitted before the date of absence. No extensions for any homework exercises are given in these circumstances--submit exercises early, if necessary.

### **Study Tips:**

- Read the textbook before class.
- Attend every class.
- Work the homework assignments carefully. They will help you prepare for exams. (If you simply copy other students' answers, you will not be prepared for exams.)
- Try to take all three mid-terms.
- Take the presentation assignment seriously, since you will learn a lot from it.
- If you are having trouble in studying, please feel free to contact me.

### **Classroom Etiquette:**

We must all work together to make sure the in-class environment is an enjoyable experience for all and is conducive to learning. As a general principle: *be considerate of those around you*. Here are a few "Do's" and "Don'ts":

- Do turn your cell phone to silent mode in class.
- Do sit near the door if you must leave class early.
- Do feel free to ask questions during class.
- Do not talk with fellow students during lecture. If many students do this, the collective result is a lot of distracting noise.
- Do not start whispering or gathering up your materials before the lecture is completely over. It is very distracting.
- Since I encourage you to bring laptop to class, please make sure that you mute your laptop.
- Do not browse Facebook, Twitter and other social media and do not play computer games during class, it may create distraction for people sitting around you.

### **Course Evaluation:**

There will be an end-of-semester course evaluation by students regarding the teaching quality of this class.

**Tentative Topic Schedule:**

*Here is a tentative schedule on topics that will be covered in this class. I may change the order or replace some topics with others. I will make an announcement on what topic will be covered each week in advance on Blackboard 9.*

<b>Date</b>	<b>Topic</b>	<b>Reading</b>
Aug 27	introduction, gains from trade	Chapter 1,2,3
Sep 10	supply and demand, competitive market equilibrium	Chapter 4
Sep 17	elasticity, government intervention in competitive market	Chapter 5,6
Sep 24	consumer and producer surplus, welfare analysis, exam 1	Chapter 7
Oct 1	producer theory	Chapter 13
Oct 8	firms in competitive markets	Chapter 14
Oct 22	monopoly, game theory	Chapter 15
Oct 29	game theory, exam 2	Chapter 16
Nov 5	monopolistic competition, oligopoly	Chapter 16, 17
Nov 12	factor markets, labor economics	Chapter 18,19
Nov 19	economic inequality, urban economics	Chapter 20
Nov 26	externalities, public goods, exam 3	Chapter 10,11
Dec 3	selected topics: economic networks	Notes will be provided