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ECNS 201S.03: Principles of Microeconomics

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Economics 201: Principles of Microeconomics

University of Montana
Department of Economics

Spring 2014

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Office: Liberal Arts 406	Office Hours:	T 1430 - 1600, W 0930 - 1100
CRN: 32351	Lecture:	T & R 940 - 1100, NULH 101
	Website:	http://saplinglearning.com
TA: Jacob Clement	TA's email:	jacob.clement@umontana.edu
TA's Office: LA 410	TA's Office Hours:	M 1600-1800, W 1500-1700

Course Description: The purpose of this course is to help you develop the tools necessary to understand and analyze the behavior of consumers and firms in the marketplace. Many people think economics is about studying stock markets and analyzing data. In fact, economics studies decision-making. Everyday we make choices that involve trade-offs. When we shop for groceries, plan a trip, buy a house, decide how much time and effort to devote to school, work, and leisure, we compare the costs and benefits. Economics provides us with a framework with which to analyze and understand these decisions.

The material in this course is essential for further study in economics and provides the foundation for studying issues in a wide variety of fields in economics, including labor economics, health economics, and environmental economics. However, many of you will find the tools that you acquire in this course to be extremely valuable beyond your coursework.

The course will start with an overview of economics and the questions it helps us analyze. Then we proceed to study consumer theory, gaining an understanding of how consumers' preferences and budgets lead to their consumption choices and demand curves. We then study the firm and the relationship between costs and output. Having gained an understanding of both the demand and the supply sides of economies, we proceed by studying the interactions of consumers and firms in different types of markets, economists' concept of efficiency, the role of the government, and what happens when there are market failures.

Homework: You are required to register for the course at <http://saplinglearning.com>. You will be able to complete your homework assignments and track your scores on this website.

How to access the website:

1. Go to <http://saplinglearning.com>.
2.
 - If you already have a Sapling Learning account, log in and skip to Step 3.
 - If not, click "Create an Account." Follow the instructions and once you're done you will receive an email with a message from Sapling. Click on the link provided.
3. Find our course in the list and click on the link.
4. At this point, you will need to make a payment.

Homework will be **due by 11:00PM** on the assigned due date. **Late homework will not be accepted.** The assignment with the **lowest percentage score will be dropped** from your homework grade.

Moodle: I will use Moodle to post the syllabus, slides, and other material, as well as to send and post announcements.

Textbook: Krugman & Wells, *Microeconomics*. The book is intended to complement the material presented in lecture. You will likely find the lectures to be more valuable if you read the relevant material in the book **before** it is presented in class. The website for the book provides additional materials to support your study. **You can purchase an e-text version of the book in a bundle at the Sapling Learning website.**

Exams: All exams are cumulative. **No makeup midterm exams will be given.** In the case of a missed midterm due to emergency situations, the student may be allowed to put the weight of the missed exam on the final exam, provided I am notified as soon as possible and verification of the emergency is provided to me by phone, voice mail, or email, no later than 24 hours after an exam. A missed final due to an unanticipated emergency may be handled with an incomplete for the course at my discretion and in accordance with University policies. **Do not take this class if you know that you cannot make one of the scheduled exams.**

Grading Policy: The graded coursework will consist of homework assignments, four midterm exams, and a final exam.

Your final course grade will be determined as follows:

20% Homework
15% Midterm Exam #1 (Thursday, 2/13/14)
15% Midterm Exam #2 (Thursday, 3/06/14)
15% Midterm Exam #3 (Thursday, 3/27/14)
15% Midterm Exam #4 (Thursday, 4/24/14)
20% Final Exam (Thursday, 5/15/14 at 8:00AM)

Attendance: The textbook is not a substitute for lectures and you will be held responsible for all topics covered in lectures. You may not use my office hours as a substitute for class time.

Students with Disabilities: If you are a student with a disability who will require reasonable program modifications in this course, please meet with Disability Services for Students in Lommasson 154 for assistance in developing a plan to address program modifications. If you are already working with Disability Services arrange to meet with me during my office hours to discuss reasonable modifications that may be necessary. For more information, visit the Disability Services website at <http://www.umt.edu/disability>.

Drops and Credit/No-Credit: The University has deadlines and policies applicable to dropping the course and changing your grading option. Request to make changes must be in accordance with University policy and deadlines. **In accordance with University policy, students taking the course credit/no credit must earn a D- or better to receive credit.**

Academic Integrity: All students must practice academic honesty. Academic misconduct is subject to an academic penalty by the course instructor and/or a disciplinary sanction by the University. All students need to be familiar with the Student Conduct Code. The Code is available for review online at http://life.umt.edu/vpsa/student_conduct.php.

Outline of Course Material: The following is a tentative schedule of lectures and associated reading from the text. Additional readings will be assigned throughout the course. The schedule should be viewed as tentative and may be subject to change throughout the

term.

Part I: Introduction

- First Principles (Reading: Chapter 1)
- Graphs in Economics (Reading: Chapter 2 Appendix)
- Trade-offs and Trade (Reading: Chapter 2)
- Decision Making by Individuals and Firms (Reading: Chapter 9)

Part II: The Consumer

- The Rational Consumer (Reading: Chapter 10)
- Consumer Preferences and Consumer Choice (Reading: Chapter 10 Appendix)

Part III: Producer Theory

- Behind the Supply Curve (Reading: Chapter 11)
- Perfect Competition and the Supply Curve (Reading: Chapter 12)

Part IV: Markets

- Supply and Demand: A Model of a Competitive Market (Reading: Chapter 3)
- Consumer and Producer Surplus (Reading: Chapter 4)
- Price Controls and Quotas (Reading: Chapter 5)
- Elasticity (Reading: Chapter 6)
- Taxes (Reading: Chapter 7)
- International Trade (Readings: Chapter 8)

Part V: Market Structure and Market Failures

- Monopoly (Reading: Chapter 13)
- Oligopoly (Reading: Chapter 14)

- Monopolistic Competition and Product Differentiation (Reading: Chapter 15)
- Externalities (Reading: Chapter 16)
- Public Goods and Common Resources (Reading: Chapter 17)

Part VI: Uncertainty and the Labor Market

- Uncertainty, Risk, and Private Information (Reading: Chapter 20)
- Factor Markets (Reading: Chapter 19)
- Labor Supply (Reading: Chapter 19 Appendix)

Students who successfully complete this course will have:

1. A solid foundation in Demand & Supply Theory (including elasticities, market-clearing, shortage, surplus, shifts in demand and supply vs. movements along the curves).
2. The ability to properly identify and use Costs (tradeoffs and choices) in analysis.
3. A solid understanding of the Role of Incentives and Information (pricing, rationality, allocation).
4. The ability to use Marginal Analysis.
5. A working understanding of Comparative Advantage (potential for international application).
6. An understanding of the basic Theory of the Firm (structure, price/output decisions).
7. Exposure to and understanding of Market Efficacy Issues (externalities, market failure, etc.).

The Last Word: Many of you will find this class challenging. It is imperative that you keep up with the material as we move through it. If you find yourself struggling early in the course, come to my office hours to get the extra help you may need. Do not wait until the end of the term to seek help – it will likely be too late.