

Econ 202: Principles of Microeconomics

Fall 2017: October 2 – October 27

Professor: Anders Fremstad
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Class meetings: M/T/W/Th/F 9:30am-11:30am in A604
Office hours: M/T/W/Th 9:15am-9:30am and 11:30am-11:45am in A604

1. Course description

Economics is the study of how people interact with each other and with their natural surroundings in providing their livelihoods. Following Adam Smith, we will pursue “An Inquiry into the Nature and Causes of the Wealth of Nations”.

2. Course objectives

By the end of this course you should be able to:

- make sense of economic data
- understand and use basic models of the economy
- communicate effectively about economic topics
- use economic thinking to inform your role in the world

3. Course structure

The required book for this course is *The Economy*, which is available free of charge at www.core-econ.org. I expect students to prepare for each class by devoting about 2 hours to read the assigned modules, work with interactive figures, and complete the questions in the book. The book is best read online in its *1.0* format. As a backup you can use the older *Beta* version, which is downloadable as a .pdf file. The table below highlights the main differences between the two versions.

1.0 Unit	Beta Unit
1	1 (skip 1.13-1.14)
2	2
3	3
4	4
5	5 and 1.13-1.14
6	6 (skip 6.9-6.10)
7	7 (skip 7.7-7.8)
8	8

12	10 (skip 10.11)
18	16

Our 4 class meetings each week will consist of my presentation of course material, discussion, and in-class work. Class time is most productive when students actively participate. If you have a question about the material, you are probably not the only. Asking and answering questions promotes the public good. I will post my slides for each lecture [here](#) after class, as well as homework and quiz keys.

There will be four homeworks, one covering each week of material. The homeworks will not be graded, but they will be essential preparation for quizzes and the final exam. I highly encourage students to solve the questions with a partner or in a small group. Both strong and weak students learn a lot by working together. I am available to help you answer these problems in class, during office hours, and by email. You should attempt to solve each problem before viewing my answer.

You will be tested on the material covered in this class in 3 quizzes and a cumulative final exam. The quizzes and exam will consist of questions similar to those in your homeworks and the questions in the book. Makeup quizzes and exams will not be permitted.

4. Assignments

Homeworks (ungraded)

Each week, I will post links to homeworks before Monday's class. I will post links to the keys after class on Wednesday, so that we can discuss any questions you have about the keys in class on Thursday.

HW1	HW1 Key	HW1 Sheets Key
HW2	HW2 Key	HW2 Sheets Key
HW3	HW3 Key	HW3 Sheets Key
HW4	HW4 Key	HW4 Sheets Key

Economic Issue Essay (5% of final grade).

Write an essay describing an important economic issue facing the world today. An excellent essay will:

1. have a compelling title
2. clearly describe the issue and why it must be addressed
3. include at least 1 piece of data relevant to the issue
4. cite at least 1 outside source
5. have 200-300 words
6. be typed single-space in 12-point Times New Roman font
7. cite all sources in text and in the references section at the end the paper

Economic Theory and the 36 streets in Hanoi (20% of final grade)

On each of the "36 streets in Hanoi", sellers of the same goods locate next to one another. These markets provide interesting cases to test our understanding of microeconomic theory. In this paper, explain how an

important characteristic of one of these streets does *or* does not conform with an economic model presented in *The Economy*.

To write this paper, you should join a group of 3-4 students to visit one of [36 streets](#) (or any street in Hanoi that specializes in a particular product). Please let the class monitor know as soon as possible the street you are choosing and the people you are working with, and they will let you know if there are already too many people choosing the same street. You can work together to collect information on how each market operates. When you visit the street, observe transactions and talk to buyers, sellers, owners, and workers. Although you may research with your classmates, each student must submit their own paper expressing their own ideas in their own words. An excellent essay will:

1. have a compelling title
2. clearly state your central thesis (or argument) in the first paragraph of the essay that an important characteristic of your street *does* or *does not* fit with a model presented in *The Economy*.
3. clearly defend your thesis in the remaining paragraphs of the essay
 - a. If your street provides support for the economic model, explain how your observations fit the economic theory presented in *The Economy*.
 - b. If your street does not provide support for the economic model, explain why observations do not fit the economic theory presented in *The Economy*.
4. cite at least one relevant passage from *The Economy*
5. include at least **3 observations** you make on your visit to the street
6. have 800-1,000 words
7. be typed single-space in 12-point Times New Roman font
8. cite all sources in text and in the references section at the end the paper
9. include your student ID and the street you visited at the top of the paper

5. Grading

Your final grade will be calculated as a weighted average of your grades in each of the following categories:

- 5% Economic Issue Essay
- 20% 36 Streets in Hanoi Essay
- 45% three quizzes
- 30% final exam

The grading scale used in this course is:

CSU		
Letter	Class	FTU
Grade	Score	Grade
A+	97-100	9.7-10.0
A	93-97	9.1-9.6
A-	90-93	8.5-9.0
B+	87-90	8.0-8.4
B	83-87	7.5-7.9
B-	80-83	7.0-7.4

C+	77-80	6.5-6.9
C	70-77	5.5-6.4
D	60-70	4.0-5.4
F	0-60	0.0-3.9

Grade records will be maintained by your Teaching Assistant, and that is who should be consulted about your record. No “extra credit” will be offered. The way to improve your grade beyond what it otherwise would be is to work hard to understand the material.

6. Contact hours and workload

Attend lecture	~10 hours/week
Readings	~10 hours/week
Homework	~8 hours/week
Essays	~2 hours/week
Total	~30 hours/week

7. Academic integrity

This course will adhere to the Academic Integrity Policy of the General Catalog and the Student Conduct Code. As per university policy, "Any student found responsible for having engaged in academic dishonesty will be subject to academic penalty and/or University disciplinary action." (General Catalog 2011-2012, 1.6, p.8). Please be aware that the General Catalog specifically identifies the following examples of academic dishonesty: cheating in the classroom, plagiarism, unauthorized possession or disposition of academic materials, falsification, and facilitation of cases of academic dishonesty.

Cheating in the classroom is defined as follows:

"Cheating includes using unauthorized sources of information and providing or receiving unauthorized assistance on any form of academic work. Examples include copying the work of another student on an exam, problem set, or quiz; taking an exam or completing homework for another student; possessing unauthorized notes, study sheets, answer codes, programmed calculators, or other material during an exam or other graded paper results." (General Catalog 2009-2010, 1.6, p.6).

Plagiarism is defined as follows:

"Plagiarism includes the copying of language, structure, ideas, or thoughts of another, and representing them as one's own without proper acknowledgment. Examples include a submission of purchased research papers as one's own work; paraphrasing and/or quoting material without properly documenting the source." (General Catalog 2009-2010, 1.6, p. 6).

8. Schedule

Date	Reading	Topics	Technical skills	In-class work	Home-work
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Week 1

10/2/2017	1.0, 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8, 1.9, 1.10, 1.11, 1.12	The capitalist revolution: inequality, (mis)measuring GDP, comparative advantage	Growth rates; conventional and ratio scales	HW 1.1	HW 1.1
10/3/2017	2.0, 2.1, 2.2, 2.3, 2.4, 2.5	Technological change: models, technologies, cost-minimization	Technologies, isocost curves, and cost-minimization	HW 1.2	HW 1.2
10/4/2017	2.6, 2.7, 2.8, 2.9, 2.10, 2.11	Malthusian economics: diminishing average products, population growth, and the poverty trap	Malthusian model	HW 1.3	HW 1.3-1.4
10/5/2017	3.0, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11	Scarcity, work, and choice: decisions under scarcity	Production functions, utility functions, and constrained optimization	HW 1.5	Review for Quiz 1

10/6/2017 **Quiz 1**

Week 2

10/9/2017	4.0, 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7	Social interactions: introduction to game theory and social dilemmas	Nash equilibria, solutions to social dilemmas	Grazing game, HW 2.1	HW 2.1
	Economic Issue Essay Due				
10/10/2017	4.8, 4.9, 4.10, 4.11, 4.12, 4.13, 4.14	Solving social dilemmas: social preferences, repetition, and institutions	Modifying games	HW 2.2	HW 2.2
10/11/2017	5.0, 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7, 5.8, 5.9, 5.10, 5.11	Property and power: efficiency and fairness	Feasible, efficient, and fair allocations	HW 2.3	HW 2.4
10/12/2017	5.12, 5.13, 5.14	Inequality and redistribution	Lorenz curve, Gini coefficient	HW 2.5	Review for Quiz 2

10/13/2017 **Quiz 2**

Week 3

10/16/2017	6.0, 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11	The firm: owners, managers, and employees	Labor discipline model	Airplane game	HW 3.1
10/17/2017	7.0, 7.1, 7.2, 7.3, 7.4, 7.5, 7.6, 7.7, [7.8, 7.9,] 7.10, 7.11, 7.12, 7.13	The firm and its customers: price setting, gains from trade, deadweight loss	Monopoly equilibrium	HW 3.2	HW 3.2
10/18/2017	8.0, 8.1, 8.2, 8.3, 8.4, 8.5	Supply and demand: price taking, gains from trade, efficiency and fairness	Competitive equilibrium	HW 3.3	HW 3.3

10/19/2017	8.6, 8.7, 8.8, 8.9, 8.10, 8.11	Changing market equilibria: shifting supply and demand, taxes, evidence for perfect competition	Monopoly versus competitive equilibrium	HW 3.4	Review for Quiz 3
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10/20/2017 **Quiz 3**

Week 4

10/23/2017	12.0, 12.1, 12.2, 12.3, 12.4, 12.5	Markets, efficiency, and public policy: market failures and a taxonomy of goods	External effects	HW 4.1	HW 4.1
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10/24/2017	12.6, 12.7, 12.8, 12.9, 12.10	Limits to markets: asymmetric information, incomplete contracts, and repugnant markets	Repugnant markets	HW 4.2	HW 4.2
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10/25/2017	18.1, 18.2, 18.3, 18.4, 18.5, 18.6, 18.7, 18.8, 18.9, 18.10, 18.11	The nation and world economy: globalization, migration, and Rodrik's political trilemma	Trade costs	HW 4.3	Review for final exam
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**Economic Theory
and 36 streets in
Hanoi Essay Due**

10/26/2017	Units 1-8, 12, and 18	Review principles of microeconomics			Review for final exam
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10/27/2017 **Final exam**
