

**E201 Introduction to Microeconomics Fall 2018****Instructor:** Geeta Garg**Time:** Tuesdays and Thursdays 5:45 – 7:00

**Contact Information:** If you have any questions or concerns or need to set up an appointment with me, I can be reached via email at [gegarg@iu.edu](mailto:gegarg@iu.edu).

**Office Hours:** Thursdays and Fridays 2 – 3 p.m. in Wylie 344. If you need to meet outside these times, please send me an email at the address provided above.

**Textbook and Resources:**

- Microeconomics (Michael Parkin) 13<sup>th</sup> Edition ISBN: 9780134890289 [Required].
- MyEconLab (Homework will be assigned through this platform) [Required]

**Note:** If you buy a used copy of this book you will still need to purchase a MyEconLab access code.

**Course Description:** This course is designed to give the student a familiarity with the language common to economics, an elementary ability to analyze various microeconomic problems common in our economy and society, along with being able to think through everyday microeconomic problems. Models and theories studied will help the student to understand how producers could best allocate scarce resources to produce goods and services. Likewise, the student will gain insight into what drives consumers to give up resources to obtain goods and services produced by others. Upon completion of this course, the student should be able to apply economic modeling tools to both business situations and to problems and situations from everyday life. The student will find that the tools of economic reasoning are extremely useful in a multitude of everyday situations that require decisions on how to allocate time and resources.

**Prerequisites:** None. However, a basic understanding of high school algebra, geometry, and graphical presentation is expected.

**Communication:** All relevant information will be announced through Canvas. Please check it often. The Canvas page for the course will have your grades. There, you will be able to see your current grade and your cumulative performance. You can also contact me on this platform.

**GenEd Learning Outcomes (from the Social and Historical Studies requirements):**

Students will demonstrate:

- Requirement (3): skills of inquiry and analysis;
- Requirement (4): quantitative and/or qualitative literacy through theory and methodology

Assessment Instrument is selected from the department wide common set of questions on the E201 and S201 final course examination.

**Course Learning Objects:** Have an understanding and ability to apply, at an elementary level, each of the following concepts and models:

**1. Introductory concepts**

- a) Overview of economic systems: resource allocation with scarcity
- b) Illustration of basic concepts using the production possibilities frontier (PPF)
- c) Comparative advantage and gains from trade

**2. Price Determination in Competitive Markets**

- a) Demand curves and demand shifters
- b) Supply curves and supply shifters
- c) Determination of competitive market equilibrium price and trading volume
- d) Comparative statistics exercises: changes in market equilibrium
- e) Government intervention—price controls and taxes

**3. Elasticity**

- a) Price elasticity of demand: definition, formula, numerical calculation using the mid-point formula
- b) Relationship between price elasticity, consumer expenditures (seller revenues)
- c) Factors that influence the observed price elasticity of demand
- d) Price elasticity of supply: definition, formula, numerical calculation
- e) Factors that influence the observed price elasticity of supply

**4. Economics of Consumer Choice**

- a) The consumer's constrained optimization problem
- b) Budget constraint
- c) Total and marginal utility
- d) Law of diminishing marginal utility
- e) Utility maximization rule and consumer equilibrium
- f) Consumer equilibrium responses to price changes
- g) Individual consumer demand curve and market demand curve

**5. Economics of Production**

- a) The production function
- b) Fixed vs. variable inputs: short-run vs. long-run
- c) Total Product and Marginal Product

**6. The Firm's Cost Curves**

- a) Fixed and Variable costs, explicit and implicit costs
- b) Short-run total, average, and marginal cost curves
- c) Economies and diseconomies of scale using the long-run average cost curve

**7. Perfect Competition**

- a) Competitive firm's demand and revenue curves
- b) Short-run profit maximization and loss minimization
- c) Short-run supply curve of the firm and industry
- d) Long-run equilibrium and long-run adjustment dynamics

**8. Imperfect Competition**

- a) Characteristics of Pure Monopoly and Monopolistic Competition
- b) Demand and revenue curves under imperfect competition
- c) Profit maximization/loss minimization for a firm with monopoly power

**9. Introduction to Welfare Economics**

- a) Net social welfare (consumer surplus + producer surplus) maximization rule
- b) The competitive ideal
- c) Welfare effect of exercising monopoly power
- d) External costs in a competitive market (negative externalities)
- e) External benefits in a competitive market (positive externalities)
- f) Public Goods

**10. Note-taking skills in an economics class**

- a) Be able to take notes about a class lecture (or online sessions) and capture the main points discussed and presented.
- b) Be able to take notes from the textbook and be able to capture the main points discussed.
- c) Be able to form questions on various economic concepts that aid in your understanding.

**Lecture Plan:** This is a tentative plan. It serves as a guideline. Any possible changes will be updated on Canvas.

Week	Dates	Chapters	Topics	Homework and Exams
1	August 21 <sup>a</sup>	Chapter 1: What is Economics?	Definition of Economics	
	August 23 <sup>a</sup>	Chapter 1: What is Economics?	The Economic Way of Thinking Economics as Social Science and Policy Tool	HW1
2	August 28 <sup>a</sup>	Chapter 2: The Economic Problem	Production Possibilities Frontier Using Resources Efficiently	
	August 28 <sup>a</sup>		<b>In-class quiz</b>	
	August 30 <sup>a</sup>	Chapter 2: The Economic Problem	Economic Growth Gains from Trade Economic Coordination	HW2
3	September 4 <sup>a</sup>	Chapter 3: Demand and Supply	Demand	
	September 6 <sup>a</sup>	Chapter 3: Demand and Supply	Supply Market Equilibrium	HW3
	September 6 <sup>a</sup>		<b>In-class quiz</b>	
4	September 11 <sup>a</sup>	Chapter 3: Demand and Supply	Predicting Changes in Price and Quantity	
	September 13 <sup>a</sup>		<b>I<sup>st</sup> Midterm</b>	
5	September 18 <sup>a</sup>	Chapter 4: Elasticity	Price Elasticity of Demand	
	September 20 <sup>a</sup>	Chapter 4: Elasticity	More Elasticities of Demand Elasticity of Supply	HW 4
	September 20 <sup>a</sup>		<b>In-class quiz</b>	
6	September 25 <sup>a</sup>	Chapter 5: Efficiency and Equity	Resource Allocation Methods Benefit, Cost, and Surplus	
	September 27 <sup>a</sup>	Chapter 5: Efficiency and Equity	Is the Competitive Market Efficient? Is the Competitive Market Fair?	HW 5
7	October 2 <sup>a</sup>	Chapter 6: Government Actions in Markets	A Housing Rent Market with a Rent Ceiling A Labor Market with a Minimum Wage	
	October 2 <sup>a</sup>		<b>In-class quiz</b>	
	October 4 <sup>a</sup>	Chapter 6: Government Actions in Markets	Taxes	HW 6
8	October 9 <sup>a</sup>	Chapter 6: Government Actions in Markets	Production Quotas and Subsidies Markets for Illegal Goods	
	October 11 <sup>a</sup>		<b>II<sup>nd</sup> Midterm</b>	
9	October 16 <sup>a</sup>	Chapter 8: Utility and Demand	Consumption Choices Utility-Maximizing Choice	
	October 18 <sup>a</sup>	Chapter 8: Utility and Demand	Predictions of Marginal Utility Theory	HW 7
	October 18 <sup>a</sup>		<b>In-class quiz</b>	
<b>“W” is Sunday, October 21<sup>a</sup>, 2018.</b>				
10	October 23 <sup>a</sup>	Chapter 10: Organizing Production	The Firm and its Economic Problem Technological and Economic Efficiency Information and Organization	
11	October 25 <sup>a</sup>	Chapter 10: Organizing Production	Markets and Competitive Environment Produce or Outsource? Firms and Markets	HW 8
	October 30 <sup>a</sup>	Chapter 11: Output and Costs	Decision Time Frames Short-Run Technology Constraint	
	October 30 <sup>a</sup>		<b>In-class quiz</b>	
12	November 1 <sup>a</sup>	Chapter 11: Output and Costs	Short-Run Cost Long-Run Cost	HW 9

	November 6 <sup>th</sup>	Chapter 12: Perfect Competition	What is Competition? The Firm's Output Decision Output, Price and Profit in the Short Run		
13	November 8 <sup>th</sup>	Chapter 12: Perfect Competition	Output, Price and Profit in the Long Run	HW 10	
	November 8 <sup>th</sup>	<b>In-class quiz</b>			
	November 13 <sup>th</sup>	<b>III<sup>rd</sup> Midterm</b>			
14	November 15 <sup>th</sup>	Chapter 13: Monopoly	Monopoly and how it Arises A Single-Price Monopoly's Output and Price Decision Single-Price Monopoly and Competition Compared		
	November 27 <sup>th</sup>	Chapter 13: Monopoly	Price Discrimination Monopoly Regulation	HW 11	
15	November 29 <sup>th</sup>	Chapter 16: Public Choices, Public Goods, and Healthcare			
	November 29 <sup>th</sup>	<b>In-class quiz</b>			
	December 4 <sup>th</sup>	Chapter 17: Externalities		HW 12	
16	December 6 <sup>th</sup>	<b>Review Session</b>			
	December 10 <sup>th</sup>	<b>FINAL EXAM</b>			

#### **Grade Breakdown:**

15% of your final grade is homework and quizzes

20% of your final grade is Exam 1

20% of your final grade is Exam 2

20% of your final grade is Exam 3

25% of your final grade is the Final Exam

**Homework and Exams:** I will assign homework via MyEconLab. Homework will typically be due Tuesday night and you should expect one homework a week. Students will typically have one week to complete the homework. I will drop 2 of your lowest homework grades. There will also be biweekly Quizzes. There will be 8 quizzes in total and I'll drop 2 of your lowest quiz grades. You will not be explicitly asked about material on Exam 2 that was covered on Exam 1 and on Exam 3 that was covered on Exam 1 and 2, but I will assume an understanding of those concepts when writing Exam 2 and 3 so it would behoove you to make sure you understand this material. **The Final Exam will be cumulative.**

#### **Tentative Exam Schedule:**

Exam 1 is tentatively scheduled for **September 13<sup>th</sup>, 2018**.

Exam 2 is tentatively scheduled for **October 11<sup>th</sup>, 2018**.

Exam 3 is tentatively scheduled for **November 13<sup>th</sup>, 2018**.

The Final Exam is a departmental exam and scheduled for **10:15 a.m. through 12:15 p.m., Monday, December 10<sup>th</sup>**.

**Note:** There are no alternatives to taking the final exam at this time and date. If you are enrolled in two or more of the following courses you have a conflict—Economics E201, Chemistry C341, Mathematics M212, and Mathematics T101.

**Drop all but one of these conflicting courses now, unless you can resolve the conflict with your instructor(s) in the other course(s).**

- Please do not ask if you may have an alternative time for the Economics E201 final—your request will be denied (this is the department policy and I do not have the authority to change the time unilaterally).
- Making up for the final exam is only possible under very rare condition. Please consult the final exam schedule to avoid additional conflicts. **DO NOT MISS THE FINAL EXAM.**

**Makeup Policy for Final Exam:** Only under extraordinary circumstance such as a documented medical emergency will I grant you permission for a make-up final. If you miss the final exam without proper documentation or approval from me, you will generally not be allowed to take a make-up final.

Under some circumstances, I may allow you to take a make-up final for non-document reasons. However, your make-up final will be worth only 90 % of the available points allocated to your final exam, if the reason is not properly documented.

If I give you permission for a make-up final, you will receive an incomplete for the course and a make-up final will be administered to you in the next semester (Spring 2019). You must see me and sign a removal of incomplete document to receive the incomplete or you will receive a zero on your final exam.

If you do not take the final exam, you will receive a grade of zero for your final exam grade. It is university policy, generally, not to allow make-up finals unless there are extreme circumstances (oversleeping is not an extreme circumstance)—in other words DO NOT miss the final.

The University also recognizes certain religious observances that may cause students to miss an assignment or exam. While I will try to avoid such conflicts, they may arise, nonetheless. Please attempt to notify me two weeks in advance for exams and as soon as possible for assignments that may be due. For a list of recognized religious observances, see the following link:  
[http://www.iub.edu/~vpfaa/docs/religious\\_observances/religious-observances-statement.pdf](http://www.iub.edu/~vpfaa/docs/religious_observances/religious-observances-statement.pdf)

**Makeup Policy for In-term Exams:** If it is necessary to miss any exam due to medical or a non-medical reason that is outside of your control (other class workload, desired travel, job requirements, etc. are not considered outside of your control), you must contact me (prior to the exam if possible) via e-mail or phone if you are unable to access your email. In general, I will not grant you permission for a makeup exam if one class meeting passes after the schedule exam date before you contact me.

For example, the in-term exam is scheduled on Tuesday and you have an unexpected illness immediately before the exam and miss the exam. If you contact me before the the next class meeting, then I will give you permission to take a makeup exam providing you provide any requested proof. I reserve the option to require you to provide documentation supporting your request. If you wait and contact me after the next class, then you will not be given approval and you will receive zero points for that exam. All attempts should be made to contact me prior to the exam. The best way to contact me is via email; however, you are responsible to ensure conformation of your request since email is not completely reliable.

**If you receive approval for a makeup in-term exam, you are required to complete the makeup exam within two weeks of date the exam was originally scheduled. It is your responsibility to make yourself available for the makeup exam. Coordinating details will be provided to you, when you receive approval from me.**

**Academic Dishonesty:** Academic dishonesty will not be tolerated in this class. This includes, but is not limited to, actions such as cheating, plagiarizing, having unauthorized exam materials, aiding others in any academic dishonesty, and submitting work done by someone other than yourself. Any student caught engaging in one or more of these activities will be dealt with severely. I follow the policy in the IU Academic Handbook with regard to cheating and academic dishonesty. A grade of zero will be given for any assignment or examination on which the student is guilty of cheating. The incident will be reported to the Dean of Student's Office. The University policy for academic misconduct can be found here  
<http://www.indiana.edu/~deanfac/acadguid/h.html#ams>.

#### **Grade Breakdown:**

Grade	A+	A	A-	B+	B	B-
%	100-97	96.9-93	92.9-90	89.9-87	86.9-83	82.9-80
Grade	C+	C	C-	D+	D	D-
%	79.9-77	76.9-73	72.9-70	69.9-67	66.9-63	62.9-60
Grade			F		< 60	
%						

**Additional Notes:**

1. Students with disabilities who desire accommodations should contact me outside of class and provide me with correct documentation from the Office of Disability Services for Students. I require two weeks notice for exams. I cannot guarantee anything for students who notify me later than that.
2. The last day to withdraw and receive a "W" is Sunday, October 21st , 2018. This is also the last day to get a withdrawal slip signed without a special petition. After this date, you can obtain a late withdrawal from a course only by first receiving special permission from the dean of the college. Such permission is VERY difficult to get. University rules specify that permission for late withdrawals is "given only for urgent reasons relating to extended illness or equivalent distress" to a student who is "passing the course on the date of withdrawal."
3. Silence all cell phones during class. If your cell phone repeatedly goes off during class, you may be asked to leave. Likewise, I have no qualms about students who use laptops for note-taking, but if they become a distraction to the class, you may be asked to put them away or to leave.

**Additional Student Notices from the University or College**

**Academic Integrity:** As a student at IU, you are expected to adhere to the standards detailed in the [Code of Student Rights, Responsibilities, and Conduct \(Code\)](#). Academic misconduct is defined as any activity that tends to undermine the academic integrity of the institution. Violations include: cheating, fabrication, plagiarism, interference, violation of course rules, and facilitating academic dishonesty. When you submit an assignment with your name on it, you are signifying that the work contained therein is yours, unless otherwise cited or referenced. Any ideas or materials taken from another source for either written or oral use must be fully acknowledged. All suspected violations of the Code will be reported to the Dean of Students and handled according to University policies. Sanctions for academic misconduct may include a failing grade on the assignment, reduction in your final course grade, and a failing grade in the course, among other possibilities. If you are unsure about the expectations for completing an assignment or taking a test or exam, be sure to seek clarification from your instructor in advance.

**Note Selling:** Several commercial services have approached students regarding selling class notes/study guides to their classmates. Selling the instructor's notes/study guides in this course is not permitted. Violations of this policy will be reported to the Dean of Students as academic misconduct (violation of course rules). Sanctions for academic misconduct may include a failing grade on the assignment for which the notes/study guides are being sold, a reduction in your final course grade, or a failing grade in the course, among other possibilities. Additionally, you should know that selling a faculty member's notes/study guides individually or on behalf of one of these services using IU email, or via Canvas may also constitute a violation of IU information technology and IU intellectual property policies; additional consequences may result.

**Emergencies:** To report an emergency, call the IU Police Department at 9-911 from any campus phone or (812) 855-4111 from off campus. For information about campus emergency preparedness: <http://protect.iu.edu/emergency>.

**Counseling and Psychological Services.** For information about services offered to students by CAPS: <http://healthcenter.indiana.edu/counseling/index.shtml>.

**Students needing additional financial or other assistance.** The Student Advocates Office can help students work through personal and academic problems as well as financial difficulties and concerns in order to help students progress towards earning a degree. The Office also provides support and assistance to students in working through grade appeals and withdrawals from all classes. In addition to advising student on appeal and financial issues such as financial aid or tuition, they also have emergency funds for IU students experiencing emergency financial crisis <https://studentaffairs.indiana.edu/student-advocates/>.

**Bias-Based Incident Reporting:** As your instructor, one of my responsibilities is to create a positive learning environment for all students. Bias incidents (events or comments that target an individual or group based on age, color, religion, disability, race, ethnicity, national origin, sex, gender, gender identity, sexual orientation, marital status or veteran status) are not appropriate in our classroom or on campus. What should you do if you witness or experience a bias incident? See it? Hear it? Report it by submitting a report online

<https://studentaffairs.indiana.edu/ethics-misconduct-legal/index.shtml> or calling the Dean of Students Office (812-855-8187).

**Sexual Misconduct and Title IX:** As your instructor, one of my responsibilities is to create a positive learning environment for all students. Title IX and IU's Sexual Misconduct Policy prohibit sexual misconduct in any form, including sexual harassment, sexual assault, stalking, and dating and domestic violence. If you have experienced sexual misconduct, or know someone who has, the University can help.

If you are seeking help and would like to speak to someone confidentially, you can make an appointment with:

The Sexual Assault Crisis Services (SACS) at (812) 855-8900 (counseling services)  
Confidential Victim Advocates (CVA) at (812) 856-2469 (advocacy and advice services)  
IU Health Center at (812) 855-4011 (health and medical services)

It is also important that you know that Title IX and University policy require me to share any information brought to my attention about potential sexual misconduct, with the campus Deputy Title IX Coordinator or IU's Title IX Coordinator. In that event, those individuals will work to ensure that appropriate measures are taken and resources are made available. Protecting student privacy is of utmost concern, and information will only be shared with those that need to know to ensure the University can respond and assist.

I encourage you to visit <http://stopsexualviolence.iu.edu/> to learn more.