

SUMMER 2015 Syllabus -- Economics (Econ) 106 -- Section 501 -- CRN 23643

INSTRUCTOR: Dr. Castillo, Email: stevenpc@unm.edu

OFFICE HOURS: 11:45 a.m. – 12:15 p.m. at UNM Valencia Campus, Room VABS-118

CLASS DAY AND TIME: Wednesday 9:00 – 11:45 a.m., Room VABS-118

TEXTBOOK: The required textbook is MICROeconomics, 3rd Edition by Paul Krugman and Robin Wells, Worth Publishers, Copyright 2013. Bring textbook and notes to class every day.

COURSE DESCRIPTION: Exploration of consumer behavior, production decisions by the firm, supply and demand relationships in the marketplace, and international dimensions of production and consumption.

COURSE OBJECTIVES: After completing this course, students should be able to:

1. **Graph, calculate, and explain consumer behavior** using elasticity, CPC & indifference curves, utility theory, the market mechanism, the circular flow, the law of diminishing marginal utility, and taxes.
2. **Graph, calculate, and explain business behavior** using total, average, and marginal revenue and costs, scarcity, break even analysis, benefits of trade, PPC, the law of diminishing returns, and taxes.
3. **Graph, calculate, and explain the four main market structures** of perfect competition, monopoly, oligopoly, and monopolistic competition – and the government antitrust laws that regulate them.
4. **Discuss land, labor, and capital markets** via externalities, public goods, welfare, price floors, price ceilings, income distribution, uncertainty, risk, government intervention, and private information.

LATE WORK

Students should use their netID and Password to log on to UNM Learn at: learn.unm.edu. Here they have access to the Syllabus, Course Notes, and Quizzes. Each quiz has a deadline for submission and late quizzes will not be graded. Seven quizzes are worth 5% each; two exams are worth 25% each; and 15 points for class participation.

GRADES:

100-98 A+	98-93 A	93-90 A-
90-87 B+	87-83 B	83-80 B-
80-77 C+	77-73 C	73-70 C-
70-67 D+	67-63 D	63-60 D-

HOW TO PRINT THIS SYLLABUS, VIEW LECTURE NOTES, AND TAKE QUIZZES

Students must log onto URL: learn.unm.edu and enter your netID and Password. Click on your Econ course. A white menu will appear on the left side of your screen, click on “Course Information” and then choose syllabus in the center of the screen. You can choose to print the SYLLABUS or any file in the Course Information window including lecture notes. For help or instructions on how to take a quiz or EMAIL the teacher or view your quiz grades, read the information provided at the following URL: <http://online.unm.edu/help/learn/students/>.

Microeconomics 106 Class Schedule

Class Date	Chapters to read BEFORE class date	Quiz On Learn Available
JUN 3	2 - Economics, Tradeoffs, and Trade 3 – Supply and Demand	June 4
JUN 10	4 - Consumer and Producer Surplus 5 - Price Controls and Quotas	JUN 11
JUN 17	6 - Elasticity 7 – Taxes 8 - International Trade	JUN 18
JUN 24	MIDTERM EXAM 9 – Decision Making 10 - The Rational Consumer	JUN 25
JULY 1	11 – Inputs and Costs 12 - Perfect Competition	JULY 2
JULY 8	13 – Monopoly 14 – Oligopoly	JULY 9
JULY 15	15 - Monopolistic Competition 16 – Externalities	JULY 16
JULY 22	17 – Public Goods 18 – The Welfare State FINAL EXAM	
	Semester grades will be posted to LoboWeb by 11:59 p.m. Saturday July 25, 2015	

MICROECONOMICS 106 CHAPTER TOPICS – Krugman/Wells

INTRODUCTION – What is Microeconomics, The invisible hand, The market economy, market failure, scarcity, resources, factor payments, inputs, outputs, the circular flow diagram, government intervention.

Chapter 1 – FIRST PRINCIPLES - (1) Resources are scarce. (2) The real cost of something is what you must give up to get it. (3) How much? Is a decision at the margin. (4) People usually exploit opportunities to make themselves better off. (5) There are gains from trade. (6) Markets move toward equilibrium. (7) Resources should be used as efficiently as possible to achieve society's goals. (8) Markets usually lead to efficiency. (9) When markets don't achieve efficiency, government intervention can improve society's welfare. (10) One person's spending is another person's income. (11) Overall spending sometimes gets out of line with the economy's productive capacity. (12) Government policies can change spending.

Chapter 2 – ECONOMIC MODELS: TRADE-OFFS AND TRADE - choices, opportunity cost, the consumption possibilities curve and frontier, the production possibilities curve and frontier, economic growth, the law of increasing opportunity cost, Appendix: slopes and equations of linear and nonlinear curves.

Chapters 3 & 4 – SUPPLY, DEMAND, CONSUMER, AND PRODUCER SURPLUS - Competitive markets, the market mechanism, product surplus and shortage, causes and outcomes of a change in supply or demand.

Chapter 5 – PRICE CONTROLS AND QUOTAS – why government controls prices, price ceilings, why use them, price floors, why use them, quantity controls, why use them, disadvantages of price and quantity controls.

Chapter 6 – ELASTICITY – price elasticity of demand and supply, cross elasticity, income and tax elasticity.

Chapter 7 – TAXES – the effect of an excise tax on quantities and prices, price elasticity and tax incidence.

Chapter 8 – INTERNATIONAL TRADE – comparative advantage, the effects of imports and exports on international wages, international trade protection, tariffs, quotas, embargos, and agreements.

Chapter 9 – DECISION-MAKING – explicit versus implicit costs, accounting versus economic profit, marginal cost-benefit analysis, sunk costs, present and future value, annuities, borrowing and lending.

Chapter 10 – THE RATIONAL CONSUMER – utility, the law of diminishing marginal utility, budget constraint line, the optimal consumption choice, marginal utility per dollar, the substitution effect and income effect.

Appendix: CONSUMER PREFERENCES AND CONSUMER CHOICE – indifference curves, marginal rate of substitution, rate of market exchange, the tangency condition, substitutes, complements, income effects.

Chapter 11 – BEHIND THE SUPPLY CURVE: INPUTS AND COSTS – the production function, total product, marginal product, fixed inputs, cost curves, marginal cost, minimum average total cost, returns to scale.

Chapter 12 – PERFECT COMPETITION AND THE SUPPLY CURVE – attributes of a perfectly competitive firm, profit-maximizing quantity of output, short and long-run production decisions, the shifting of cost curves.

Chapter 13 – MONOPOLY – what monopolies do, why monopolies exist, the demand curve, the marginal and total revenue curves, monopoly vs. perfect competition, preventing monopoly, price discrimination.

Chapter 14 – OLIGOPOLY – collusion and competition, competing in prices versus competing in quantities, the kinked demand curve, legal framework, collusion, price wars, product differentiation and leadership.

Chapter 15 – MONOPOLISTIC COMPETITION AND PRODUCT DIFFERENTIATION – means of differentiation, monopolistic competition in short run versus the long run, efficiency, the role of advertising, brand names.

Chapter 16 – EXTERNALITIES – costs and benefits of pollution, private and public solutions to externalities.

Chapter 17 – PUBLIC GOODS AND COMMON RESOURCES – why markets can supply only private goods efficiently, how much of a public good should be provided, cost-benefit analysis, the problem of overuse.

Chapter 18 – THE ECONOMICS OF THE WELFARE STATE – the problem of poverty, inequality and public policy, economic insecurity, TANF, social security, unemployment insurance, healthcare, welfare debate.

Chapter 19 – FACTOR MARKETS AND THE DISTRIBUTION OF INCOME – the allocation of resources, value of the marginal product and wage inequality, factor demand, income distribution, the markets for land and capital, market power, efficiency wages, discrimination, work versus leisure, wages and labor supply.

Chapter 20 – UNCERTAINTY, RISK, AND PRIVATE INFORMATION – expectations and uncertainty, risk, paying to avoid risk, buying, selling, and reducing risk, diversification, adverse selection, moral hazard.