

FALL 2015 Syllabus (Subject to change) -- Economics (Econ) 106 -- Section 501 -- CRN 43924

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

CLASS DAY, TIME, AND PLACE: Thursdays, 6:00 – 7:15 p.m. in VABS 118

OFFICE HOURS: 7:15-7:45 p.m. immediately following class in 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.

Final Course Grades

100-98 A+ 97-93 A 92-90 A- 89-87 B+ 86-83 B 82-80 B- 79-77 C+ 76-73 C 72-70 C- 69-67 D+ 66-63 D 62-60 D-

Students need a netID and Password to log on to UNM Learn (learn.unm.edu) and access the Syllabus, Course Notes, and seven quizzes. Students may drop their ONE lowest quiz. Each Learn quiz is worth 5% / each in-class test is worth 27% / and class participation is worth 1% per session.

Macro Class Schedule

Thursday	Chapters to read before Thursday	Quizzes must be taken on Learn between Friday noon and Sunday 11:59 p.m.
Aug 20	2 Economics, Tradeoffs, and Trade	
27	2 Appendix: Graphs in Economics	
Sept 3	3 Supply and Demand	Quiz1 Chapters 2,3
10	4 Consumer and Producer Surplus	
17	5 Price Controls and Quotas	Quiz2 Chapters 4,5
24	6 Elasticity	
Oct 1	7 Taxes	Quiz3 Chapters 6,7
8	NO CLASS – FALL BREAK	
15	MIDTERM EXAM IN CLASS – CHAPTERS 2-7	
22	8 International Trade	
29	9 Decision-making by Individuals and Firms	Quiz4 Chapters 8,9
Nov 5	10 The Rational Consumer 11 Inputs and Costs	Quiz5 Chapters 10,11
12	12 Perfect Competition 13 Monopoly	Quiz6 Chapters 12,13
19	14 Oligopoly 15 Monopolistic Competition	Quiz7 Chapters 14,15
26	NO CLASS – THANKSGIVING BREAK	
Dec 3	FINAL EXAM IN CLASS – CHAPTERS 8-15	
10	FINALS WEEK – NO CLASS - Semester grades will be posted on LoboWeb by 11:59 p.m. December 16.	

TO PRINT THIS SYLLABUS, VIEW LECTURE NOTES, AND TAKE QUIZZES, you 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, so 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 view your quiz grades, read the information provided at the following URL: <http://online.unm.edu/help/learn/students/>.

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.

Computer Lab Responsibility:

Please be advised that use of computer labs on UNM properties is governed by "Policy 2500: Acceptable Computer Use" which can be found at <http://policy.unm.edu/university-policies/2000/2500.html>. Food and drink are also prohibited in any computer lab on campus. Anyone violating these policies is subject to possible suspension and loss of computer lab privileges.

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[*http://it.unm.edu/accounts/*](http://it.unm.edu/accounts/). *UNM Net ID will give you access to the computer labs on campus, blackboard learn and UNM Email.*