"Economics is a study of mankind in the ordinary business of life" (Alfred Marshall in *Principles of Economics*, 1890)

**Course Objective**

The objective of this course is to learn the fundamentals of Microeconomics. This branch of economics focuses on the behavior of consumers and business firms. Analysis of all aspects of supply and demand in a single market is the central point of the course. The fundamental ideas will be illustrated by discussing current economic issues whenever possible.

**Prerequisites**

There are no formal prerequisites. However, we will use graphical analysis, math and some algebra. The necessary tools will be presented in class.

**Readings**

The textbook is *Microeconomics* by Paul Krugman and Robin Wells (KW). It is available in the bookstore. In addition, students are required to sign up for the Aplia package (included in the textbook price). Sign-up instructions will be given separately.

Occasionally, we will be discussing articles from newspapers, magazines and other sources. In order to get the most out of this course, I urge you to keep up with current economic events by reading relevant articles in publications such as The Economist, Business Week, The Wall Street Journal or daily newspapers. In addition, a lot of information is available online, although be aware that there is also a lot of misinformation out there. Some links to economics-themed web sites are available from the class web page.
Course Organization

The Tuesday and Thursday afternoon class sessions will consist primarily of lecture and class discussion. The joint Tuesday evening session will largely be devoted to problem set reviews and experiments (occasionally). Also, exams are scheduled for Tuesday evenings.

Course Requirements

There are two midterm exams and one cumulative final. The midterms will cover material up until the exam. In addition, there are weekly problem sets. Finally, past experience shows that there is a highly positive correlation between class attendance and doing well in the class. Make-up exams will only be given in extraordinary circumstances and require my prior approval.

The problem sets are crucial in helping you to understand the material taught in class, but they will also ask you to apply concepts from class to a variety of economic policy problems. They cover a wide variety of problem types, including graphing and numerical problems, essay questions, and finding and using economic data. Most problem set questions are administered through Aplia, but you will have to turn in some in class. You are encouraged to work on problem sets together. Studying in groups is a valuable experience in and of itself and will enhance your understanding of the course material. However, you are required to complete and turn in answers on your own. Problem sets will be announced in class and on the class web page at least one week before they are due. They are due at the beginning of class (both the Aplia and non-Aplia components). Absolutely no late assignments will be accepted. Since I realize that unforeseen circumstances can arise, however, I will drop your two lowest scores from consideration for your problem set grade. Outlines of answers to all non-Aplia components of problem sets as well as to the midterm exams will be available on the course homepage. In addition, I will make a number of ungraded Aplia practice problems available. Take advantage of this additional resource!

Grades will be determined according to the following formula:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage of Final Grade</th>
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<tbody>
<tr>
<td>Problem sets (count 7 of 9)</td>
<td>20%</td>
</tr>
<tr>
<td>Two midterms</td>
<td>25% each</td>
</tr>
<tr>
<td>Final exam (cumulative)</td>
<td>30%</td>
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Exam and Problem Set Schedule:

<table>
<thead>
<tr>
<th>Problem Set</th>
<th>Available Date</th>
<th>Due Date</th>
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</thead>
<tbody>
<tr>
<td>Problem Set 1</td>
<td>September 7</td>
<td>September 14</td>
</tr>
<tr>
<td>Problem Set 2</td>
<td>September 14</td>
<td>September 21</td>
</tr>
<tr>
<td>Problem Set 3</td>
<td>September 21</td>
<td>September 28</td>
</tr>
<tr>
<td>Problem Set 4</td>
<td>September 28</td>
<td>October 5</td>
</tr>
<tr>
<td>First midterm exam</td>
<td>October 10, 7 p.m.</td>
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<tr>
<td>Problem Set 5</td>
<td>October 19</td>
<td>October 26</td>
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Problem Set 6: October 26 November 2
Problem Set 7: November 2 November 9
Second midterm exam: November 14, 7 p.m.
Problem Set 8: November 16 November 30
Problem Set 9: November 30 December 7
Final exam: TBD

Miscellaneous

Class attendance is extremely important and active participation in class is strongly encouraged. You are always welcome to ask questions or raise issues of interest. This serves to maximize your learning, but also gives me instant feedback and lets me know which concepts are difficult to grasp. If there is anything that you do not understand from the lectures, feel free to come and see me during my office hours or set up an appointment. Talk to me after class or send e-mail to do so. **You are held responsible for all readings, assignments and announcements made in class.**

Tutors: If you have serious problems in this class and need extra help, Seniors are available as tutors. Please see the secretary in the Economics Department for contact information.

Academic Integrity: I take academic integrity very seriously and academic dishonesty will not be tolerated under any circumstances. Plagiarism, fabrication, cheating, and facilitating the academic dishonesty of others are serious offenses and may be punished by failure on the exam or problem set, failure in the course, and/or suspension or expulsion from the College. For more information, consult the Colby Student Handbook (www.colby.edu/dos).

Disruptive Behavior: Behaviors that are disruptive to teaching and learning will not be tolerated. These include, but are not limited to, talking in class, reading materials unrelated to the course, cell phone and pager use, coming to class late or leaving early. Behaviors that create a hostile, offensive or intimidating environment based on gender, gender identity, race, national or ethnic origin, color, religion, age, disability, marital status or sexual orientation will be referred to the Dean of Students.

Course Outline and Readings (subject to change as the course progresses)

1. Introduction, First Principles (Weeks 1,2: 9/7, 9/12)
   Readings: KW, Chapter 1
   “Chekhov on Opportunity Cost” (linked from course web page)

2. Economic Models (Week 2: 9/12, 9/14)
   Readings: KW, Chapter 2, including Appendix

   **Experiment: Supply and Demand (9/19)**
3. **Supply and Demand** (Week 3: 9/19, 9/21)  
   Readings: KW, Chapter 3

4. **Price Controls** (Week 4: 9/26)  
   Readings: KW, Chapter 4, pp. 83-94

5. **Consumer and Producer Surplus** (Weeks 4/5: 9/28, 10/3)  
   Readings: KW, Chapter 6, pp. 135-151

   **First Midterm: October 10, 7 p.m.**

6. **Elasticity** (Week 6: 10/12)  
   Readings: KW, Chapter 5, pp. 109-126

7. **Making Decisions** (Week 7: 10/19)  
   Readings: KW, Chapter 7, pp. 160-173 only

8. **Behind the Supply Curve: Inputs and Costs** (Weeks 8: 10/24, 10/26)  
   Readings: KW, Chapter 8

9. **Market Structures: Perfect Competition** (Weeks 9: 10/31, 11/2)  
   Readings: KW, Chapter 9

10. **Market Structures: Monopoly** (Week 10: 11/7, 11/9)  
    Readings: KW, Chapter 14

   **Second Midterm: November 14, 7 p.m.**

11. **Market Structures: Oligopoly** (Week 11: 11/16)  
    Readings: KW, Chapter 15

12. **Death and Taxes** (Week 13: 11/28)  
    Readings: KW, p. 329; Chapter 6, pp. 152-156; Chapter 21, pp. 493-503

    **Experiment: Tragedy of the Commons (11/28)**

13. **Externalities, Public Goods and Common Resources** (Weeks 13/14: 11/30, 12/5)  
    Readings: KW, Chapter 19, Chapter 20

14. **Catch-up and Summary** (Last class day: 12/7)