

ECO10 Introduction to Microeconomics, Fall 2017

Section 1, Mondays and Wednesdays 11:00 am – 12:20 pm, Humanities Hall HM109

Section 2, Mondays and Wednesdays 3:30 pm – 4:50 pm, Humanities Hall HM109

Instructor: Udayan Roy

Course's Description (from the [Undergraduate Bulletin 2016–2017](#)): This course discusses the important economic theories and concepts that facilitate the understanding of economic events and issues. Its main focus is on the choices made by consumers, producers, and governments, and the interactions of these choices. Topics include demand and supply, consumption, production, competitive and non-competitive product markets, markets for resources, and welfare.

Course Credits: This is a 3-credit course. The New York State Education Department (NYSED) requires that for each credit hour there shall be at least 15 hours (of 50 minutes each) of instruction and at least 30 hours of supplementary assignments. Therefore, a 3-credit course shall meet for a minimum of 45 hours, each hour being 50 minutes, for a total of 2,250 minutes, and require at least 90 hours of supplementary assignments and readings outside of the lecture. Students should expect to spend at least 45 hours on reading (3 hours a week) and 45 hours on homework assignments (3 hours a week). Therefore, overall, you should expect to spend 135 hours on this course.

Prerequisites: There are no formal prerequisites for this course. Very basic algebra skills are assumed. An ability to use graphs to show how variables are related would be very helpful. (The appendix to Chapter 2 of the course's textbook provides a good review of graphing concepts.)

Course's Goals: This course is one of the two economics courses in the "Economics or Politics" group of LIU Post's Core Curriculum. I expect that in this course:

1. Students will acquire an understanding and applied knowledge of the core concepts and analytical tools of economic theory. They will be able to apply and evaluate the core concepts of economics such as scarcity, opportunity cost, and production possibilities frontier. They will be able to apply the theory of comparative advantage to everyday life and national policy.
2. Students will acquire the ability to utilize the supply and demand model to analyze real world problems. They will be able to identify various factors that shift supply and demand curves, use the concept of market equilibrium to identify the equilibrium price and quantity, and predict how changes in demand or supply affect market equilibrium. They will be able to describe the effects of government policies, such as taxes and subsidies and price floors and price ceilings, in competitive markets.

3. Students will acquire the ability to utilize applied microeconomic concepts including market structure and market failure. They will be able to define perfect competition, and to determine graphically and numerically the output and profit of a firm in this market. They will be able to explain why competitive markets may not allocate resources efficiently in the presence of market failures – including monopoly, externalities, and public goods – and evaluate various public policies that are designed to address these market failures.

The first three weeks will be spent on the basics of economics—including, most importantly, the supply-demand theory of how a market-based economy works. We will then discuss a variety of related questions: Why do changes in supply and demand have effects—on the price and the quantity traded of a commodity—that are sometimes large and sometimes small? How does government intervention—in the form of price control and the imposition of taxes and subsidies—affect the price and the quantity traded of a commodity? How are the social costs and benefits of economic activity affected by government intervention (a) when markets are working well and (b) when markets are *not* working well? Under what circumstances do markets fail to work well? How well does the market for a commodity work when there is a great deal of competition among sellers? And how well does it work when there isn't? Why does the labor market reward different workers differently? What can or should the government do to change the distribution of incomes?

These are tough and important questions that every society has to wrestle with. By the end of the semester, I hope to leave you with a way of thinking about economic issues that you will consider both non-obvious and reasonable.

Course's Required Textbook: *Principles of Microeconomics*, Eighth Edition, by N. Gregory Mankiw, Cengage Learning, Stamford, Connecticut, 2018, ISBN 978-1-305-97149-3. (Note: *Principles of Economics* (ISBN 978-1-305-58512-6) by the same author and from the same publisher would be a perfectly good substitute. Moreover, the seventh—or even the sixth or the fifth —editions of either of the above two books would do very well too.) *If the publisher permits, a copy of the textbook will be kept on reserve for you at the library's circulation desk throughout the semester.*

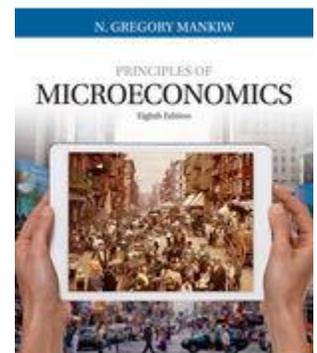


Table of Contents (The chapters I wish to teach are in **boldface**.)

Part I: INTRODUCTION.

1. Ten Principles of Economics.

2. Thinking Like an Economist.

Appendix: Graphing: A Brief Review.

3. Interdependence and the Gains from Trade.

Part II: SUPPLY AND DEMAND I: HOW MARKETS WORK.

4. The Market Forces of Supply and Demand.

5. Elasticity and Its Application.

6. Supply, Demand, and Government Policies.

Part III: SUPPLY AND DEMAND II: MARKETS AND WELFARE.

7. Consumers, Producers, and the Efficiency of Markets.

8. Application: The Costs of Taxation.

9. Application: International Trade.

Part IV: THE ECONOMICS OF PUBLIC SECTOR.

10. Externalities.

11. Public Goods and Common Resources.

12. The Design of the Tax System.

Part V: FIRM BEHAVIOR AND THE ORGANIZATION OF INDUSTRY.

13. The Costs of Production.

14. Firms in Competitive Markets.

15. Monopoly.

16. Monopolistic Competition.

17. Oligopoly.

Part VI: THE ECONOMICS OF LABOR MARKETS.

18. The Markets for the Factors of Production.

19. Earnings and Discrimination.

20. Income Inequality and Poverty.

Part VII: TOPICS FOR FURTHER STUDY.

21. The Theory of Consumer Choice.

22. Frontiers in Microeconomics.

Examinations and Grading: Your grade will be based on your performance in the *Midterm*, the *Final*, some in-class *quizzes*, and some *homework* assignments. In preparing the course grade I will use the following weights: 30% for the Final, 30% for the Midterm, 20% for the quizzes, and 20% for the homework assignments. Using these weights, I will calculate each student’s overall percentage score. The overall percentage scores will then be scaled—according to the procedure shown in the table below—to yield each student’s letter grade.

You are guaranteed the grade ...	if your overall percentage is in the range ...	or you are in the ...
A	93.01 – 100	Top decile (tenth)
A-	87.01 – 93	9 th decile
B+	82.01 – 87	8 th decile
B	76.01 – 82	7 th decile
B-	70.01 – 76	6 th decile
C+	65.01 – 70	5 th decile
C	59.01 – 65	4 th decile
C-	53.01 – 59	3 rd decile
D	42.01 – 53	2 nd decile

This is only a rough guide to my grading procedure. I will use my discretion when the above procedure gives ambiguous results (as, for example, when many students get the exact same percentage score). But, when the above procedure gives an unambiguous grade, I will abide by it.

Midterm: The *Midterm* will be held on Wednesday, October 25. It will consist of multiple-choice questions on the material taught prior to the day of the test.

Final: The *Final* will be held during Finals Week (on either Monday, December 18 or Wednesday, December 20). The Final will be cumulative: that is, it will be based on *all* material taught in the course.

In-Class Quizzes: I will give approximately six short in-class *quizzes*—with adequate notice—throughout the semester. I will count only your *four highest* quiz scores and these will have a collective weight of 20% in your course grade, as I said earlier.

Blackboard Homework Assignments: The *homework* assignments will consist of computer-graded online quizzes within the Blackboard course management system. You will have to log on at <http://blackboard.liu.edu> and then go to the Blackboard page for this course to find and complete the online homework assignments. Use the *firstname.lastname* format as your username. The Blackboard password is the same as your My.LIU password; see <https://my.liu.edu/> for further details.

If you do not have a My.LIU password, please go to <http://csi.liu.edu/myLIU/> for further instructions. If you are still unable to log on to Blackboard, please contact the *Center for Student Information*. You could email them at StudentCenter@LIU.edu or call them at 516 299 3967 or go to their offices in Hillwood Commons. In general, for all technology-related issues, please take a look at the Center for Student Information web site <http://csi.liu.edu>. Specifically, please see <http://csi.liu.edu/blackboard/students.aspx> for tutorials on the use of Blackboard.

Attendance Policy: The best possible grade (BPG) that you could get will depend on the number of your absences; see the accompanying table for details. You will be marked absent if you miss ten minutes or more of a lecture or if you are not attentive in class. You must not sign the attendance sheet if you are more than ten minutes late. Signing another person's name on the attendance sheet amounts to forgery and will not be tolerated.

Absences	BPG
6, 7	B+
8, 9	B
10, 11	B-
12, 13	C+
14+	D

No make-up tests will be given for the Midterm or the Final unless there are compelling medical reasons supported by a valid doctor's note. In case you cannot take a test at the scheduled time, you (or someone representing you) must inform me of the reason(s) not later than twenty-four hours after the test. Ideally, I should be told *before* the test. The reason(s) you give for missing a test will affect my decision on whether or not you should get a make-up test but it will not affect your BPG. *No make-ups will be given for the quizzes. Homework assignments completed late will not count.*

General Classroom Decorum: Students must make sure that their actions have *no adverse effects* on the ability of other students to learn and do their work. Students must behave *honorably* when taking quizzes and tests and report dishonorable behavior to the instructor when they see such behavior. When in the classroom, students must not engage in any activity that is not directly part of the course. In particular, students must not use computers, phones, or other entertainment devices in the classroom. Students who feel sleepy should leave the classroom and sleep elsewhere.

Students with Disabilities: The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for people with disabilities. Students with special needs as addressed by the ADA who need assistance should contact the Learning Support Center

immediately; it is located in the lower level of Post Hall and its phone number is 516-299-3164. Please meet with me early in the semester if you need help. I will try to accommodate your special needs.

For more information, please visit The Learning Support Center at <http://www.liu.edu/CWPost/StudentLife/Services/LSC.aspx>. The Learning Support Center provides a full range of support services, educational strategies, and opportunities to help student achieve their personal, academic and vocational goals.

Course Calendar: The following is a *tentative* schedule for the course. I will do my best to stick to it. Nevertheless, I expect to stray from this schedule on a regular basis.

Lecture	Date	Day	ECO10	Comments
1	6-Sep	Wed	Introduction; Ch. 2	Add/Drop and Late Registration during September 6--19
2	11-Sep	Mon	Ch. 2; Ch. 3	
3	13-Sep	Wed	Ch. 3	
4	18-Sep	Mon	Ch. 4	
5	20-Sep	Wed	Ch. 4	
6	25-Sep	Mon	Ch. 4	
7	27-Sep	Wed	Ch. 4	
8	2-Oct	Mon	Ch. 5	
9	4-Oct	Wed	Ch. 5	No classes on Columbus Day, October 9
10	11-Oct	Wed	Ch. 5	Registration Begins for Spring 2018 on October 9
11	16-Oct	Mon	Ch. 6	
12	18-Oct	Wed	Ch. 6	
13	23-Oct	Mon	Ch. 6	
14	25-Oct	Wed	Midterm	
15	30-Oct	Mon	Ch. 6	
16	1-Nov	Wed	Ch. 6	
17	6-Nov	Mon	Ch. 7	
18	8-Nov	Wed	Ch. 7	Last Day to Opt P/F or Partial Withdrawal is November 10
19	13-Nov	Mon	Ch. 8	
20	15-Nov	Wed	Ch. 10	
21	20-Nov	Mon	Ch. 11	Thanksgiving Recess during November 22--26
22	27-Nov	Mon	Ch. 13	
23	29-Nov	Wed	Ch. 13	
24	4-Dec	Mon	Ch. 13	
25	6-Dec	Wed	Ch. 14	
26	11-Dec	Mon	Ch. 14	Last Lecture; Last Day for Full Term Withdrawal
	12-Dec	Tue		Study/Snow Days/Alternate Class Days
	13-Dec	Wed		Study/Snow Days/Alternate Class Days
	18-Dec	Mon		Final (to be announced)
	20-Dec	Wed		Final (to be announced)

	21-Dec	Thu		Final Exam Make Up Day; Term Ends
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Contact Information: My *office* is at Room 206, Hoxie Hall (across from the Bookstore). My *office phone number* is (516) 299 2405/2321. My *e-mail address* is uroy@liu.edu. My *own Web site* is at <http://myweb.liu.edu/~uroy/>. My *mailing address* is: Udayan Roy, Economics Department, LIU Post, Brookville, NY 11548.

Office Hours: My *office hours* are: 12:30 pm — 2:00 pm and 5:00 pm – 5:30 pm on Mondays and Wednesdays. For any *other* hours, a prior appointment will be necessary. Please stop by whenever you need any help with your coursework. During my office hours, you may also contact me by Skype; my Skype ID is *udayan-eco*.

Web Sites: The course's Web site is at <http://myweb.liu.edu/~uroy/eco10/>. This web site contains a wealth of material for students including my PowerPoint lecture notes, and an up-to-date course calendar. You may find useful supplementary material from the textbook's publisher by going to <http://www.cengagebrain.com> and doing a search for the textbook's name or ISBN.

Have a great semester!