

Baruch College Economics Department
Principles of Microeconomics (Eco 1001) - Fall 2015
Monday & Wednesday, 4:10pm to 5:25pm
Classroom: B - Vert 12-150

Instructor: Markus Gehrsitz (mgehrsitz@gradcenter.cuny.edu)

Course Description: This course is intended for first year students in economics or business administration. It lays the foundations for a thorough understanding of how markets work on a micro level, that is on the level of an individual consumer or firm. Broadly speaking, economics is the study of who makes and gets what when people are able to trade with each other and ownership rights are clear and secure. The first couple of lectures introduce general economic principles such as the interaction of supply and demand, the role of prices and the concept of opportunity costs. The second part of the class is concerned with market efficiency. We will discuss assumptions under which markets yield optimal outcomes, and situations in which government intervention can improve welfare. After an excursus on the topic of trade and international economics, the emphasis of the third part of the class is put on the two main actors in a market: firms and consumers.

Learning Objectives: The objectives of this class are...

... on a practical level:

- to sensitize you for the presence of economic principles in daily life.
- to build your economic intuition and logical thinking
- to enable you to read, write and solve graphs and mathematical equations

... on an academic level:

- to introduce you to the vocabulary used by economists
- to teach you basic algebraic concepts commonly used in economics
- to prepare you for intermediate microeconomics classes

Required Textbook and Mindtap: There is a paperback text book, but this class will also make use of online technology. It is built on the textbook *Principles of Microeconomics* by Gregory N. Mankiw. Cengage Learning. 2014, 7th edition. You **must** also sign up for an account with Cengage's MindTap, a platform that houses the ebook (Principles of Microeconomics, Seventh Edition by N. Gregory Mankiw), course videos, your Aplia online homework, and your practice quizzes with video answers. The cost is \$65.00 and will include a paperback text sent to your address. When you sign into Mindtap, be sure to use your Baruch email address otherwise I cannot identify you from your other email addresses. Instructions on how to sign up for MindTap are below.

More Advanced Textbooks: If you would like to learn more about microeconomics, I recommend *Intermediate Microeconomics - A Modern Approach* by Hal R. Varian. It is the standard book for upper division undergraduate micro classes and also frequently used in Master level courses. You will not need this books for this course.

Instructions for MindTap:

What is MindTap? MindTap empowers you to produce your best work – consistently. MindTap is designed to help you master the material. Interactive videos, animations, and activities create a learning path designed by your instructor to guide you through the course and focus on what's important. Get started today!

Registration & Payment:

1. Connect to <http://login.cengagebrain.com/course/MTPPGX2PQOTBN>
2. Follow the prompts to register your MindTap course.

After registering for your course, you will need to pay for access using one of the options below:

Online: You can pay online by going to <http://www.cengagebrain.com/course/site.html?id=1-2275X4D>.

Bookstore: You may be able to purchase access to MindTap at your bookstore. Check with the bookstore to find out what they offer for your course.

Free Trial: If you are unable to pay at the start of the semester you may choose to access MindTap until 11:59 PM on 09/16/2015 during your free trial. After the free trial ends you will be required to pay for access. Please note: At the end of the free trial period, your course access will be suspended until your payment has been made. All your scores and course activity will be saved and will be available to you after you pay for access.

If you already registered an access code or bought MindTap online, the course key to register for this course is: **MTPP-GX2P-QTBN**

System Check

To check whether your computer meets the requirements for using MindTap, go to <http://ng.cengage.com/static/browsercheck/index.html>

Please Note: the System Check is also accessible in the drop down box next to your name located in the upper right corner of your MindTap page.

Course schedule: The schedule of topics below is approximate and may change

Date	Topic	Chapter
<i>Introduction – How Markets Work</i>		
Mon, Aug 31	Introduction	1
Wed, Sep 2	Market Sources of Supply and Demand (Part 1) <ul style="list-style-type: none"> • Demand Curve • Individual vs Market Demand 	4
Mon, Sep 7	<i>No class (School Closed - Labor Day)</i>	
Wed, Sep 9	Market Sources of Supply and Demand (Part 2) <ul style="list-style-type: none"> • Supply Curves • Individuals vs. Market Supply 	4
Thu, Sep 10*	Market Sources of Supply and Demand (Part3) <ul style="list-style-type: none"> • Equilibrium: Supply and Demand Together • Application: Oil Market 	4
Mon, Sep 14	<i>No class (School Closed - Holiday)</i>	
Wed, Sep 16	Elasticity and Its Application (Part 1) <ul style="list-style-type: none"> • Price Elasticity of Supply • Price Elasticity of Demand 	5
Mon, Sep 21	Elasticity and Its Application (Part 2) <ul style="list-style-type: none"> • Applications • Review Introductory Part 	5
Wed, Sep 23	<i>No class (School Closed - Holiday)</i>	
<i>Markets, Welfare, and the Public Sector</i>		
Mon, Sep 28	Welfare and Government Policies (Part 1) <ul style="list-style-type: none"> • Price Controls • Taxes 	6
Wed, Sep 30	Welfare and Government Policies (Part 2) <ul style="list-style-type: none"> • Consumer and Producer Surplus • Pareto-efficiency 	7
Mon, Oct 5	Welfare and Government Policies (Part 3) <ul style="list-style-type: none"> • Market Failure • Cost of Taxation 	8
Wed, Oct 7	Externalities and Public Goods (Part 1) <ul style="list-style-type: none"> • Externalities and Market Inefficiencies • Regulation vs. Market-Based Solutions 	10,11
Mon, Oct 12	<i>No class (School Closed – Holiday)</i>	
Wed, Oct 14	Externalities and Public Goods (Part 2) <ul style="list-style-type: none"> • Free Riding and the Tragedy of the Commons 	10,11
Mon, Oct 19	Review: Markets, Welfare, and the Public Sector	

<i>Demand Side: Consumer Behavior</i>		
Wed, Oct 21	Consumer Choice (Part I)	21
	• In-Class Experiment (time permitting)	
Mon, Oct 26	Consumer Choice (Part II)	21
	• Budget Constraint	
	• Indifference Curves	
Wed, Oct 28	Consumer Choice (Part III)	21
	• Optimal Choice	
	• Applications	
Mon, Nov 2	Review: Demand Side	
Wed, Nov 4	<i>Midterm during the normal class period</i>	
 <i>Excursus: Interdependence and Gains from Trade</i>		
Mon, Nov 9	Interdependence and Gains from Trade (Part 1)	3, 9
	• Absolute Advantage	
	• Comparative Advantage	
Wed, Nov 11	Interdependence and Gains from Trade (Part 2)	3,9
	• Winners and Losers from Trade	
	• Arguments against Free Trade	
Mon, Nov 16	Review: Gains from Trade	
 <i>Supply Side: Firm Behavior</i>		
Wed, Nov 18	Costs of Production	13, 14
	• Fixed vs. Variable Costs	
	• Average vs. Marginal Costs	
	• Long-run vs. Short Run Costs	
Mon, Nov 23	The Competitive Market	13, 14
	• Profits and Supply in a Competitive Market	
	• Zero Profit Result	
Wed, Nov 25	Non-Competitive Markets (Part I)	15
	• Monopoly	
Mon, Nov 30	Non-Competitive Markets (Part II)	15
	• Monopoly and Price Discrimination	
Wed, Dec 2	Non-Competitive Markets (Part III)	17
	• Oligopoly	
Mon, Dec 7	Non-Competitive Markets (Part IV)	17
	• Game Theory	
Wed, Dec 9	Non-Competitive Markets (Part V)	16
	• Monopolistic Competition	
Mon, Dec 14	Review: Supply-Side	
Sun, Dec 20	<i>Comprehensive Final Exam at 1pm (room TBD)</i>	1-21

*follows a Monday schedule!

Grading policy: Students will be graded on a curve.

Course grades will be determined by:

Item	Percent
Homework & Class Participation	20%
Midterm	30%
Final Exam	50%

Midterm / Final Exam policy: The midterm will, of course, only cover the material presented in the classes prior to the midterm. However, the final exam is cumulative and will contain questions on all topics in this class. The final exam will also be centrally administered. Note that **the final exam takes place on Sunday, December 20th at 1pm.** Make sure that you do not make any flight plans for the holidays, etc.

All exams must be attended at their scheduled times. No make-up exam will be provided for the midterms or the final, except in the case of an emergency, documented with either a doctor's note or a letter from Baruch College. There will be no exceptions! I also expect you to alert me via e-mail *before* the exam in case you cannot attend. Please note, traffic jams or subway breakdowns are not valid excuses. On the day of the exam, I expect you to leave in plenty of time to compensate for these relatively common occurrences. Also, it is your responsibility to bring pencils and erasers to the exams, I will not supply spares.

Attendance policy: I will take attendance, you will need to check off your name. From time to time, I will be calling on students from the class roster list. If you are checked off, get called on, but are not present, you will lose points off the Homework & Class Participation portion that adds to your final grade (see above).

Homework policy: There will be two types of homework assignments: pre-lecture quizzes which will have to be taken before we start a new section, and post-lecture quizzes which have to be taken after we have finished a chapter. Please check MindTap periodically to find out when an assignment is due. Usually assignments will be due at 4pm on the day that we start a new chapter.

Pre-lecture quizzes are graded on a pass-or-fail basis, you will need 50 percent correct answers in order to pass. You have only one try at each answer. The goal here, is to make sure that you have looked at the material before you come to class.

Post-lecture quizzes will be graded on a percentage basis and you will have multiple attempts at each answer. Please note, questions in the post-lecture quiz are algorithmic, meaning each student receives a slightly different version of the same question. The questions also change slightly with each attempt. Your grade for the post-lecture quiz is an average of your attempts.

After a quiz deadline passes, submissions will no longer be accepted (not even 10 seconds after the deadline). You will receive no credit for late assignments, no exceptions.

Additional Materials: Only the pre-lecture quizzes and post-lecture quizzes constitute mandatory homework and will directly enter your grade. Nonetheless, there is a wealth of material in Mindtap available for practice. We have uploaded videos that go over class content. More importantly, there are many additional practice problems. For each chapter

we have uploaded an “ungraded quiz” that contains practice questions very similar to those in the graded quizzes. Even better, we have recorded video answers that walk you through these practice problems step-by-step. On top of that there are a bunch of additional problem walk-throughs provided by Mankiw. If you are having difficulty with the actual homework questions, I strongly recommend watching these videos before you take the graded quizzes. What is more, the questions on the quizzes (both graded and ungraded) are very similar to questions that you will see on the exams. If you want to do well in this class, go over as many problems as possible – practice makes perfect.

Prerequisites: None, this is an introductory class.

Office hours and communication: Office hours are held after class on Monday from 5:30pm to 7pm in room 10-240B (or in the class room right after class) and by appointment. Outside of class, e-mail is my preferred way of communication. My email-address is mgehrstz@gradcenter.cuny.edu . Please insert the course code (“Baruch College ECO 1001”) into the subject; I teach multiple classes and this will help prevent any misunderstandings. Any questions related to the class may be asked; if your question is relevant to other students in the class, I will 'cc' all students.

Blackboard: Your main venue for homework assignments, video solutions, and class slides will not be Blackboard but MindTap! It is your responsibility to get MindTap access and check for updates on a regular basis. I will announce it if there a supplemental materials that can only be posted on Blackboard.

Academic Integrity: The faculty and administration of Baruch College support an environment free from cheating and plagiarism. Each student is responsible for being aware of what constitutes cheating and plagiarism and for avoiding both.

I take your commitment to the following statement in Baruch College’s Student Guide to Academic Integrity very seriously:

We, the students of Baruch College, are committed to creating and maintaining an environment dedicated to academic excellence. We encourage students to explore, learn, apply, and achieve in many fields of student. We believe that academic integrity is fundamental to achieving such goals. Academic integrity can exist only when there is honesty and trust among students, faculty, administrators, and staff. Any form of academic dishonesty undermines this objective and constitutes a violation of the academic policies set forth by Baruch College. We hold all students, faculty, administrators, and staff responsible for understanding and upholding these policies and ideals.

By attending this class, you have agreed to these guidelines. If I determine that you have cheated on an exam, you will receive 0 points for that exam and you will be reported to the Dean of Students. “Cheating” includes, but is not limited to, talking to another student, a physical exchange with another student, or a concerted effort to view another student’s exam or to share your own.