

University of Pennsylvania
ECON 001 910– Introduction to Microeconomics
Summer 2015
Instructor: Rodrigo Azuero

Class Information:

Weekdays 11:00-12:45 p.m.

Room: TBA

Office hours: Fridays 1-3 p.m. McNeil 470.

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1. Introduction and Objectives

This course provides students with the basic understanding and tools of microeconomics. We will cover two broadly defined topics. On the one hand, we will think about the economic agents (firms, households, and the government) and consider the trade-offs they face when making decisions. On the other hand, we will study the environments in which they act and make these decisions. We will not study these two issues separately and thus we will work on understanding why and how they are related to each other.

At the end of this course, I expect students to be able to understand and apply basic economic concepts and tools to the analysis of the decisions of firms and households, the determination of prices in a market economy, and the welfare implications of market outcomes and economic policies. Students should also be able to acknowledge the advantages and limitations of the models used to analyze these issues.

The analysis in this course will be mathematically based. “College math” (e.g. calculus) is not required but I will assume that you are totally comfortable with arithmetic, algebra, and basic geometry.

2. Class Format

Each session is scheduled to last one hour and forty five minutes. We will usually have a ten minute break towards the middle of the session. Roughly, three fourths of class time will be devoted to lectures. The remaining time will be used to solve problems and exercises based on previously covered topics and problem sets. Student participation during lectures is highly encouraged.

3. Main text book

The text book for this course will be *Krugman & Wells. Microeconomics. Third Edition. Worth Publishers.*

Older versions of the text book are usually cheaper and thus probably a better option than the newest version. Using those is absolutely fine. However, if you decide to do so, notice that the chapter numbers might be different.

4. Class Schedule

The following is a tentative class schedule with the topics we will be covering on each session. The numbers in the last column show the chapters from the main textbook that correspond to each topic. The reading of these chapters is required and may be evaluated. This schedule might change as we move forward in the course, depending on how fast or slow we are able to go through these topics. Please keep track of where we are in this plan. Any adjustments to the order will be announced with enough time in advance during the lectures. Topics marked with a

* may be shortened or skipped if we're running behind on this schedule.

	Basic Concepts	
26-May	Introduction. Thinking like an economist.	1,2
27-May	Opportunity cost.	9
27,28 – May	Production possibilities frontier (PPF).	2
28-May	The benefits of trade.	* 2
	Markets basics	
29-May	Individual Demand and Supply	3
29-May	Aggregate Supply and Demand	3
1-Jun	Price determination: the market equilibrium	3
2-Jun	Elasticity.	6
	Introducing the Government	
3,4-Jun	Welfare: Efficiency and Equity	4
	Consumer and Producer Surplus.	4
	Government interventions in markets: price controls, taxes and subsidies.	
5,8-Jun		5,7
	The Decisions of Consumers and Firms	
9-Jun	Consumers: Budget line and utility maximization	9,10
9-Jun	Consumers: Income and Substitution effects	* 10
10-Jun	First Midterm	
11-Jun	Firms: Production and Costs.	11
12-Jun	Firms: Profit Maximization.	12
	Perfectly competitive markets	
15-Jun	Firms in perfectly competitive markets	12
16-Jun	Market equilibrium revisited.	12
	Market Power	
17-Jun	Firms in monopolistic markets.	13
18-Jun	Firms in monopolistic competition	15
19-Jun	Game theory and oligopolies	* 14
	Other market failures	
22-Jun	Externalities	16
23-Jun	Public goods	17
24-Jun	Second Midterm	
	Revisiting Equity and Government interventions	
25-Jun	The market for labor	19
26,29-Jun	To choose from: The minimum wage debate, Inequality in the world and the U.S., Tax Systems.	
30-Jun	No Class	

Review sessions: Midterms will take place on Mondays. This is intended to give you the whole weekend to study. I will also hold a review session before each of the midterms. These will take place outside of regular class time. They are not mandatory. However, I strongly encourage all of you to attend, as this will be a great opportunity to ask questions and learn from other students' questions. We will look for a time that's convenient for everybody.

5. Class Attendance

Class attendance is expected and any material covered during the lecture is subject to evaluation. Please note that lectures will differ from the text book. However, attendance is not part of the grade.

6. Evaluation

Work in this course will be evaluated through exams (2), quizzes, and problem sets. All of the material in the relevant chapters of text book and the lectures is subject to evaluation.

- **Midterm exams (2):** 55% in total. Midterms will typically include some multiple choice questions and some short answer questions (similar to the exercises in the problem sets). The midterm with the best score will have a weight of 35% in the final grade, while the one with the lowest score will have a weight of 20%. These exams will be held on Wednesday June 10th and Wednesday June 24th.
- **Problem sets:** 30% in total. Every Monday (starting June 2nd), students will receive an assignment with problems and exercises. Most of these problem sets will be due the following Monday at the beginning of class. There are two exceptions to this: on the weeks before the midterm exams, the problem sets will be due on Friday. The problem sets will evaluate all of the topics covered during that week and thus students are strongly encouraged to work every day on the part of the problem set related to the topic covered that same day.
- **Quizzes:** 15% in total. There will be 2 short quizzes during the semester. These will take place on the first Monday and the last day of class. The first quiz will have a weight of 5% and the second one a weight of 10% on the final grade.

During the exams: Calculators are not allowed during the exams. Cell-phones and any other electronic devices must be turned off during the exams.

Re-grading: Sometimes mistakes are made during the grading procedure. If you believe that your exam was graded incorrectly, you may ask for the exam to be graded again. To request a re-grade, you must return your exams with a written explanation of why you think the exam was graded incorrectly. I will then grade the whole exam again. The new score might be higher, lower, or equal to the original one. Re-grading requests must be submitted no more than a week later than the day when the graded test became available.

7. Exam attendance

Exam attendance is mandatory. Of course, every now and then unforeseen circumstances might legitimately prevent one of you from attending an exam. If a midterm exam is missed due to valid reasons (see below for guidelines on what is considered a valid reason), you will be allowed to take a make-up exam.

Examples of valid reasons: Documented illness/health emergencies, religious observance, UPENN Business that takes you away from Campus, documented disabilities that allow you to take the exam under other circumstances, a death in the family.

Examples of reasons that are NOT valid: Job interviews, job internships, traveling plans, end of semester/term early flights, or any other reason you would prefer not to be at the university when the exam is scheduled.

The complete list of policies defining reasons that are considered valid when missing an exam and other rules can be found in the Economics Department Webpage:

<http://economics.sas.upenn.edu/undergraduate-program/course-information/guidelines/policies>.

8. Academic Integrity

From the Economics Department Course Policies (link above):

“Academic integrity is a very important part of student life, and the Department of Economics takes it seriously (...). If a student is found in violation of academic integrity, it is at the professor's discretion to give the student a failing grade for the assignment and/or the course. Students who are suspected of committing infractions will be reported to the Office of Student Conduct. The department reserves the right to undertake procedures that would catch breaches of academic integrity, should any arise, such as photocopying or scanning midterms or other work before it is returned, and close proctoring during exams.”