Economics 201: Principles of Microeconomics
University of Montana
Department of Economics

Fall 2015

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Office Hours: T 1330 - 1430, W 0930 - 1100
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TA’s Office: LA 409
TA’s Office Hours: M 1100-1200, W 1430-1530

Course Description: The purpose of this course is to help you develop the tools necessary to understand and analyze the behavior of consumers and firms in the marketplace. Many people think economics is about studying stock markets and analyzing data. In fact, economics studies decision-making. Everyday we make choices that involve trade-offs. When we shop for groceries, plan a trip, buy a house, decide how much time and effort to devote to school, work, and leisure, we compare the costs and benefits. Economics provides us with a framework with which to analyze and understand these decisions.

The material in this course is essential for further study in economics and provides the foundation for studying issues in a wide variety of fields in economics, including labor economics, health economics, and environmental economics. However, many of you will find the tools that you acquire in this course to be extremely valuable beyond your coursework.

The course will start with an overview of economics and the questions it helps us analyze. Then we proceed to study consumer theory, gaining an understanding of how consumers’ preferences and budgets lead to their consumption choices and demand curves. We then study the firm and the relationship between costs and output. Having gained an understanding of both the demand and the supply sides of economies, we proceed by studying the interactions of consumers and firms in different types of markets, economists’ concept of efficiency, the role of the government, and what happens when there are market failures.
Course Website: You are required to register for the course at pearsonmylabandmastering.com. You will be able to access the syllabus, grades, and complete your homework assignments at this website. Announcements related to the course will also be posted on this website. Please ensure that the email you use to register with the website is an active email that you check regularly because that is the email account to which course announcements will be sent.

How to register for the course:

1. Go to pearsonmylabandmastering.com and click the Student button, in the Register section.
2. Enter the course ID ⇒ taylor25425, and click Continue.
3. If you have an existing Pearson account, Sign in with your existing user name and password. Some students have created problems for themselves at this step; I’ll explain how in lecture.
   • If you do not have a create, click Create.
4. Choose to register an Access Code if you purchased a package with an access code, or purchase access with a credit card/PayPal. If you are waiting on financial aid to purchase your course materials, select the Get temporary access without payment for 17 days at the bottom of the page.
5. Follow the instructions to complete your registration. Check your email for your registration confirmation.

How to Log into the Course:

1. Go to pearsonmylabandmastering.com
2. Click on Sign In
3. Enter your username and password, then click Sign In
4. Click on the course name on your Courses home page to begin working in your course.
Homework will be due by 11:00PM on the assigned due date. Late homework will not be accepted. The assignment with the lowest percentage score will be dropped from your homework grade.

Textbook: Acemoglu, Laibson, & List, Microeconomics. The book is intended to complement the material presented in lecture. You will likely find the lectures to be more valuable if you read the relevant material in the book before it is presented in class. The website for the book provides additional materials to support your study. You can purchase a bundle that includes an access code, an e-text, and “value” version of the text at the UM Bookstore. You can also purchase access at Pearson’s website.

Exams: All exams are cumulative. No makeup midterm exams will be given. In the case of a missed midterm due to emergency situations, the student may be allowed to put the weight of the missed exam on the final exam, provided I am notified as soon as possible and verification of the emergency is provided to me by phone, voice mail, or email, no later than 24 hours after an exam. A missed final due to an unanticipated emergency may be handled with an incomplete for the course at my discretion and in accordance with University policies. Do not take this class if you know that you cannot make one of the scheduled exams.

Grading Policy: The graded coursework will consist of homework assignments, three midterm exams, and a final exam.

Your final course grade will be determined as follows:

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Assignment/Exam Date</th>
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<tbody>
<tr>
<td>20%</td>
<td>Homework</td>
</tr>
<tr>
<td>20%</td>
<td>Midterm Exam #1 (Thursday, 9/24/15)</td>
</tr>
<tr>
<td>20%</td>
<td>Midterm Exam #2 (Thursday, 10/22/15)</td>
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<tr>
<td>20%</td>
<td>Midterm Exam #3 (Thursday, 11/19/15)</td>
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<tr>
<td>20%</td>
<td>Final Exam (Thursday, 12/17/15 at 10:10 AM)</td>
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Attendance: The textbook is not a substitute for lectures and you will be held responsible for all topics covered in lectures. You may not use my office hours as a substitute for class time.

Students with Disabilities: If you are a student with a disability who will require reasonable program modifications in this course, please meet with Disability Services for Students
in Lommasson 154 for assistance in developing a plan to address program modifications. If you are already working with Disability Services arrange to meet with me during my office hours to discuss reasonable modifications that may be necessary. For more information, visit the Disability Services website at http://www.umt.edu/disability.

**Drops and Credit/No-Credit:** The University has deadlines and policies applicable to dropping the course and changing your grading option. Request to make changes must be in accordance with University policy and deadlines. **In accordance with University policy, students taking the course credit/no credit must earn a D- or better to receive credit.**

**Academic Integrity:** All students must practice academic honesty. Academic misconduct is subject to an academic penalty by the course instructor and/or a disciplinary sanction by the University. All students need to be familiar with the Student Conduct Code. The Code is available for review online at http://www.umt.edu/vpsa/policies/student_conduct.php.

**Outline of Course Material:** The following is a tentative schedule of lectures and associated reading from the text. Additional readings will be assigned throughout the course. The schedule should be viewed as tentative and may be subject to change throughout the term.

**Part I: Introduction**

- Principles and Practice of Economics (Reading: Chapter 1)
- Economic Methods and Economic Questions (Reading: Chapter 2)
- Optimization: Doing the Best You Can (Reading: Chapter 3)

**Part II: Consumers, Producers, and Markets**

- Consumers and Incentives (Reading: Chapter 5)
- Sellers and Incentives (Reading: Chapter 6)
- Perfect Competition and the Invisible Hand (Reading: Chapter 7)
- Demand, Supply, and Equilibrium (Reading: Chapter 4)
Part III: Trade, Externalities & Government in the Economy

- Trade (Reading: Chapter 8)
- Externalities and Public Goods (Reading: Chapter 9)
- The Government in the Economy (Reading: Chapter 10)

Part V: Market Structure

- Monopoly (Reading: Chapter 12)
- Game Theory and Strategic Play (Reading: Chapter 13)
- Oligopoly and Monopolistic Competition (Reading: Chapter 14)

Part VI: Time, Uncertainty & the Labor Market

- Time and Risk (Reading: Chapter 15)
- Factor Markets (Reading: Chapter 11)

Students who successfully complete this course will have:

1. A solid foundation in Demand & Supply Theory (including elasticities, market-clearing, shortage, surplus, shifts in demand and supply vs. movements along the curves).
2. The ability to properly identify and use Costs (tradeoffs and choices) in analysis.
3. A solid understanding of the Role of Incentives and Information (pricing, rationality, allocation).
4. The ability to use Marginal Analysis.
5. A working understanding of Comparative Advantage (potential for international application).
6. An understanding of the basic Theory of the Firm (structure, price/output decisions).
7. Exposure to and understanding of Market Efficacy Issues (externalities, market failure, etc.).
The Last Word: Many of you will find this class challenging. It is imperative that you keep up with the material as we move through it. If you find yourself struggling early in the course, come to my office hours to get the extra help you may need. Do not wait until the end of the term to seek help—it will likely be too late.