

INDIANA UNIVERSITY
Department of Economics

Fall 2019

Econ-E 201, Section 1686
Woodburn Hall (WH) 121
TR 01:00P-02:15P

Instructor: Kairong Chen
Office: Wylie Hall (WY) 250
Off. Hrs: M 02:30P-03:30P
R 02:30P-03:30P
or by Appointment
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Prerequisites:

None. However, a basic understanding of high school algebra, geometry, and graphical presentation is expected.

Course Materials:

- Michael Parkin, *Microeconomics*, 13E, 2018. ISBN: 9780134890289. (The 12E is also acceptable.)
You may use the paperback, the three-hole punch, or the online version of the text.
- MyLab Economics (Homework will be assigned through this platform).

Course Website:

Canvas will be used to post class information, exam information, assignments, current grades, etc. You are responsible for any information posted through Canvas. Please check it often.

Course Description:

This course is designed to give the student a familiarity with the language common to economics, an elementary ability to analyze various microeconomic problems common in our economy and society, along with being able to think through everyday microeconomic problems. Models and theories studied will help the student to understand how producers could best allocate scarce resources to produce goods and services. Likewise, the student will gain insight into what drives consumers to give up resources to obtain goods and services produced by others. Upon completion of this course, the student should be able to apply economic modeling tools to both business situations and to problems and situations from everyday life. The student will find that the tools of economic reasoning are extremely useful in a multitude of everyday situations that require decisions on how to allocate time and resources.

GenEd Learning Outcomes (from the Social and Historical Studies requirements):

Students will demonstrate:

- Requirement (3): skills of inquiry and analysis;
- Requirement (4): quantitative and/or qualitative literacy through theory and methodology

Assessment Instrument is selected questions from the department wide common set of questions on the E201 and S201 final course examination.

Course Learning Outcome:

The primary learning outcome of this course is for a student to develop and apply economic reasoning to both everyday choices and business decisions. In addition, the student should have the ability to use basic economic models for insight in various problems and situations in the microeconomic setting.

Course Learning Objects:

Have an understanding and ability to apply, at an elementary level, each of the following concepts and models.

1. Introductory concepts

- a) Overview of economic systems: resource allocation with scarcity
- b) Illustration of basic concepts using the production possibilities frontier (PPF)
- c) Comparative advantage and gains from trade

2. Price Determination in Competitive Markets

- a) Demand curves and demand shifters
- b) Supply curves and supply shifters
- c) Determination of competitive market equilibrium price and trading volume
- d) Comparative statistics exercises: changes in market equilibrium
- e) Government intervention—price controls and taxes

3. Elasticity

- a) Price elasticity of demand: definition, formula, numerical calculation using the mid-point formula
- b) Relationship between price elasticity, consumer expenditures (seller revenues)
- c) Factors that influence the observed price elasticity of demand
- d) Price elasticity of supply: definition, formula, numerical calculation
- e) Factors that influence the observed price elasticity of supply

4. Economics of Consumer Choice

- a) The consumer's constrained optimization problem
- b) Budget constraint
- c) Total and marginal utility
- d) Law of diminishing marginal utility
- e) Utility maximization rule and consumer equilibrium
- f) Consumer equilibrium responses to price changes
- g) Individual consumer demand curve and market demand curve

5. Economics of Production

- a) The production function
- b) Fixed vs. variable inputs: short-run vs. long-run
- c) Total Product and Marginal Product

6. The Firm's Cost Curves

- a) Fixed and Variable costs, explicit and implicit costs
- b) Short-run total, average, and marginal cost curves
- c) Economies and diseconomies of scale using the long-run average cost curve

7. Perfect Competition

- a) Competitive firm's demand and revenue curves
- b) Short-run profit maximization and loss minimization
- c) Short-run supply curve of the firm and industry
- d) Long-run equilibrium and long-run adjustment dynamics

8. Imperfect Competition

- a) Characteristics of Pure Monopoly and Monopolistic Competition
- b) Demand and revenue curves under imperfect competition
- c) Profit maximization/loss minimization for a firm with monopoly power

9. Introduction to Welfare Economics

- a) Net social welfare (consumer surplus + producer surplus) maximization rule
- b) The competitive ideal
- c) Welfare effect of exercising monopoly power
- d) External costs in a competitive market (negative externalities)
- e) External benefits in a competitive market (positive externalities)
- f) Public Goods

10. Note-taking skills in an economics class

- a) Be able to take notes about a class lecture (or online sessions) and capture the main points discussed and presented.
- b) Be able to take notes from the textbook and be able to capture the main points discussed.
- c) Be able to form questions on various economic concepts that aid in your understanding.

Grading Policy: Your course grade will be made up by the following parts:

Exam 1	weighted at 20% of your final grade	In class, T 9/24
Exam 2	weighted at 20% of your final grade	In class, T 10/22
Exam 3	weighted at 20% of your final grade	In class, R 11/21
Final Exam	cumulative, weighted at 30% of your final grade	10:15A-12:15P, W 12/18
Homework	weekly, weighted at 10% of your final grade	
Quizzes	(extra credits) weighted at 3% of your final grade	

Last Day to Withdraw with an Automatic “W”:

The last day to withdraw from the class and receive an automatic “W” is **Sunday, October 27**. This is also the last day to get a withdrawal slip signed without a special petition. After this date, you can obtain a late withdrawal from a course only by first receiving special permission from the dean of the college. Such permission is VERY difficult to get. University rules specify that permission for late withdrawals is “given only for urgent reasons relating to extended illness or equivalent distress” to a student who is “passing the course on the date of withdrawal.”

In-term Exams:

There will be three in-class midterms. Each will be consisted of multiple choices and short answers. You must use a #2 pencil to complete the Scantron portions of the exams. You may use a basic scientific calculator on the exams. *Programmable calculators and cell phones are not permitted during exams.*

Makeup Policy for In-term Exams:

If it is necessary to miss any exam due to medical or a non-medical reason that is outside of your control (other class workload, desired travel, job requirements, etc. are not considered outside of your control), you must contact me (prior to the exam if possible) via e-mail or phone if you are unable to access your email. In general, I will not grant you permission for a makeup exam if one class meeting passes after the schedule exam date before you contact me.

For example, the in-term exam is scheduled on Tuesday and you have an unexpected illness immediately before the exam and miss the exam. If you contact me before the next class meeting, then I will give you permission to take a makeup exam providing you provide any requested proof. I reserve the option to require you to provide documentation supporting your request. If you wait and contact me after the next class, then you will not be given approval and you will receive zero points for that exam. All attempts should be made to contact me prior to the exam. The best way to contact me is via email; however, you are responsible to ensure conformation of your request since email is not completely reliable.

If you receive approval for a makeup in-term exam, you are required to complete the makeup exam within two weeks of date the exam was originally scheduled. It is your responsibility to make yourself available for the makeup exam. Coordinating details will be provided to you, when you receive approval from me.

Final Exam:

The final exam is scheduled from **10:15 a.m. to 12:15 p.m., on Wednesday, December 18, 2019**. The final exam room will be announced later in the term.

Your schedule must permit you to be free to take the final exam at the time listed above. There are no alternatives to taking the final exam at this time and date. If you are enrolled in two or more of the following courses you have a conflict—Economics E201, Business S302, and Mathematics M212. **Drop all but one of these conflicting courses now, unless you can resolve the conflict with your instructor(s) in the other course(s).**

- Please do not ask if you may have an alternative time for the Economics E201 final—your request will be denied (this is the department policy and I do not have the authority to change the time unilaterally).
- Please consult the final exam schedule to avoid additional conflicts.
<http://enrollmentbulletin.indiana.edu/pdf/fall-exam-schedule.pdf>

The overall final exam will consist of two parts that cover all topics taught in the course:

- Part 1: A departmental part of 20 multiple choice questions that will be given in all sections.
- Part 2: A section specific to our class.

The department part of the final exam will have two forms so that students can sit next to each other during the exam. Students will have two hours to take the complete final exam (assuming that you arrive to the exam on time).

Makeup Policy for Final Exam:

Only under extraordinary circumstance such as a documented medical emergency will I grant you permission for a make-up final. If you miss the final exam without proper documentation or approval from me, you will generally not be allowed to take a make-up final.

Under some circumstances, I may allow you to take a make-up final for non-document reasons. However, your make-up final will be worth only 90 % of the available points allocated to your final exam, if the reason is not properly documented.

If I give you permission for a make-up final, you will receive an incomplete for the course and a make-up final will be administered to you in the next semester (spring 2020). You must see me and sign a removal of incomplete document to receive the incomplete or you will receive a zero on your final exam.

If you do not take the final exam, you will receive a grade of zero for your final exam grade. It is university policy, generally, not to allow make-up finals unless there are extreme circumstances (oversleeping is not an extreme circumstance)—in other words **DO NOT** miss the final.

Homework:

Homework will be assigned most weeks via MyLab Economics on Canvas. The homework must be submitted by the indicated due date to be eligible for credit. Students may use their textbook and course notes to complete the homework. Students may discuss the solutions with others in the class and work together, but each student must submit her own assignment.

Late Homework:

At the end of the semester, the **two lowest** homework scores will be dropped, so you may miss up to two homework without it affecting the final grade. For this reason, credit for late homework is generally not considered. However, if a student must miss more than two quizzes for extraordinary (well-documented) circumstances, the student must e-mail me within one week of the third missed quiz with documentation excusing each of the missed homework.

Quizzes (Extra credit):

There will be **three** pop up quizzes throughout the semester as extra-credit opportunities. You must be present in class to get the credits. There is no make-up for quizzes. Note that there will be **NO additional extra credit points**.

Participation:

Attendance will be taken most days. Attendance will not be graded, but students are expected to attend all classes. Occasionally a class activity may form the basis for some of the quiz questions. The student is responsible for gathering all missed notes and announcements from a classmate. If you must miss a class, you are expected to read the relevant section in the textbook and complete the notes to the best of your ability. If you have additional questions about the material after reading the relevant chapter, you should come to office hours for clarification.

Reading Assignments are listed on the course outline. Please read the corresponding chapter before the class. Lectures will make more sense if you do the assigned reading first. Another benefit of timely reading: intelligent questions and comments, a sign of true brilliance, will leap irrepressibly from your lips in class. Textbooks and lectures are complements, not substitutes. Some things in the book will not be repeated in lecture; some things in lecture won't be found in the book.

Valid Excuses:

Any special arrangement needs supporting documentations. Avoidable or non-substantial conflicts with your other classes (e.g., midterms on the same day) will never constitute a good reason. Serious illness is considered an excused absence and a written excuse from the health center or personal physician will be required. For University-approved curricular and extra-curricular activities, verifiable documentation is also required.

Disability Accommodations:

If you desire classroom/testing accommodations for a disability, contact me outside of class to present the written supporting memorandum of accommodation from the Office of Disability Services for Students, <https://studentaffairs.indiana.edu/disability-services-students/>. Requests for accommodations for disability must be received and authorized by me in written form **no less than two weeks** in advance of need, in order to allow adequate time to review and make appropriate arrangements. No accommodation should be assumed until I have authorized it.

Academic Dishonesty will not be tolerated. I follow the policy in the IU Academic Handbook with regard to cheating and academic dishonesty. A grade of zero will be given for any assignment or examination on which the student is guilty of cheating. The incident will be reported to the Dean of Student's Office.

Grading Scale:

Percentage Score Earned <i>(Scores are rounded to the 2nd decimal place.)</i>				Grade
	100.00%	down to	97.00%	A+
below	97.00%	down to	91.50%	A
below	91.50%	down to	89.00%	A-
below	89.00%	down to	85.50%	B+
below	85.50%	down to	81.50%	B
below	81.50%	down to	77.00%	B-
below	77.00%	down to	73.50%	C+
below	73.50%	down to	67.50%	C
below	67.50%	down to	66.50%	C-
below	66.50%	down to	63.50%	D+
below	63.50%	down to	59.50%	D
below	59.50%	down to	55.00%	D-
below	55.00%	down to	0.00%	F

Additional Student Notices from the University

Code of Student Rights, Responsibilities and Conduct: <http://www.iu.edu/~code/>.

Academic Dishonesty: As a student at IU, you are expected to adhere to the standards and policies detailed in the [*Code of Student Rights, Responsibilities, and Conduct*](#). Academic misconduct is defined as any activity that tends to undermine the academic integrity of the institution. Violations include cheating, fabrication, plagiarism, interference, violation of course rules, and facilitating academic dishonesty. When you submit an assignment with your name on it, you are signifying that the work contained therein is yours, unless otherwise cited or referenced. Any ideas or materials taken from another source for either written or oral use must be fully acknowledged. All suspected violations of the Code will be reported to the Dean of Students and handled according to University policies. Sanctions for academic misconduct may include a failing grade on the assignment, reduction in your final course grade, and a failing grade in the course, among other possibilities. If you are unsure about the expectations for completing an assignment or taking a test or exam, be sure to seek clarification from your instructor in advance.

Note Selling: Several commercial services have approached students regarding selling class notes/study guides to their classmates. Selling the instructor's notes/study guides in this course is not permitted. Violations of this policy will be reported to the Dean of Students as academic misconduct (violation of course rules). Sanctions for academic misconduct may include a failing grade on the assignment for which the notes/study guides are being sold, a reduction in your final course grade, or a failing grade in the course, among other possibilities. Additionally, you should know that selling a faculty member's notes/study guides individually or on behalf of one of these services using IU email, or via Canvas may also constitute a violation of IU information technology and IU intellectual property policies; additional consequences may result.

Emergencies: To report an emergency, call the IU Police Department at 9-911 from any campus phone or (812) 855-4111 from off campus. For information about campus emergency preparedness: <http://protect.iu.edu/emergency>.

Counseling and Psychological Services. For information about services offered to students by CAPS: <http://healthcenter.indiana.edu/counseling/index.shtml>.

Students needing additional financial or other assistance. The Student Advocates Office can help students work through personal and academic problems as well as financial difficulties and concerns in order to help students progress towards earning a degree. The Office also provides support and assistance to students in working through grade appeals and withdrawals from all classes. In addition to advising student on appeal and financial issues such as financial aid or tuition, they also have emergency funds for IU students experiencing emergency financial crisis <https://studentaffairs.indiana.edu/student-advocates/>.

Bias-Based Incident Reporting: As your instructor, one of my responsibilities is to create a positive learning environment for all students. Bias incidents (events or comments that target an individual or group based on age, color, religion, disability, race, ethnicity, national origin, sex, gender, gender identity, sexual orientation, marital status or veteran status) are not appropriate in our classroom or on campus. What should you do if you witness or experience a bias incident? See it? Hear it? Report it by submitting a report online <https://studentaffairs.indiana.edu/ethics-misconduct-legal/index.shtml> or calling the Dean of Students Office (812-855-8187).

Sexual Misconduct and Title IX: As your instructor, one of my responsibilities is to create a positive learning environment for all students. Title IX and IU's Sexual Misconduct Policy prohibit sexual misconduct in any form, including sexual harassment, sexual assault, stalking, and dating and domestic violence. If you have experienced sexual misconduct, or know someone who has, the University can help.

If you are seeking help and would like to speak to someone confidentially, you can make an appointment with:

The Sexual Assault Crisis Services (SACS) at (812) 855-8900 (counseling services)
Confidential Victim Advocates (CVA) at (812) 856-2469 (advocacy and advice services)
IU Health Center at (812) 855-4011 (health and medical services)

It is also important that you know that Title IX and University policy require me to share any information brought to my attention about potential sexual misconduct, with the campus Deputy Title IX Coordinator or IU's Title IX Coordinator. In that event, those individuals will work to ensure that appropriate measures are taken and resources are made available. Protecting student privacy is of utmost concern, and information will only be shared with those that need to know to ensure the University can respond and assist.

I encourage you to visit <http://stopsexualviolence.iu.edu/> to learn more.

Tentative Econ 201 Schedule
You are responsible for all assigned readings *prior* to each class

Week#	DATE	READING CHAPTER & TOPIC	HOMEWORK DUE
1	T 8/27	Syllabus, MyLab Economics	
	R 8/29	Chapter 1: What is Economics?	
2	T 9/3	Chapter 2: The Economic Problem	
	R 9/5	Chapter 3: Demand and Supply	
3	T 9/10	Chapter 3: Demand and Supply	HW1: Sep 9 by 11:59 pm
	R 9/12	Chapter 4: Elasticity	
4	T 9/17	Chapter 4: Elasticity	HW2: Sep 16 by 11:59 pm
	R 9/19	Chapter 5: Efficiency and Equity	
5	T 9/24	Exam 1 (ch. 1, 2, 3, 4), in class	HW3: Sep 23 by 11:59 pm
	R 9/26	Chapter 5: Efficiency and Equity	
6	T 10/1	Chapter 6: Government Auctions in Markets	HW4: Sep 30 by 11:59 pm
	R 10/3	Chapter 6: Government Auctions in Markets	
7	T 10/8	Chapter 17: Externalities	HW5: Oct 7 by 11:59 pm
	R 10/10	Chapter 17: Externalities	
8	T 10/15	Chapter 8: Utility and Demand	HW6: Oct 14 by 11:59 pm
	R 10/17	Chapter 8: Utility and Demand	
9	T 10/22	Exam 2 (ch. 5, 6, 17, 8), in class	HW7: Oct 21 by 11:59 pm
	R 10/24	Chapter 9: Possibilities, Preferences, and Choice	
10	T 10/29	Chapter 9: Possibilities, Preferences, and Choice	HW8: Oct 28 by 11:59 pm
	R 10/31	Chapter 11: Output and Costs	
11	T 11/5	Chapter 11: Output and Costs	HW9: Nov 4 by 11:59 pm
	R 11/7	Chapter 12: Perfect Competition	
12	T 11/12	Chapter 12: Perfect Competition	HW10: Nov 11 by 11:59 pm
	R 11/14	Chapter 13: Monopoly	
13	T 11/19	Chapter 13: Monopoly	HW11: Nov 18 by 11:59 pm
	R 11/21	Exam 3 (ch. 9, 11, 12, 13), in class	
14	T 11/26	Thanksgiving Break – No Class	
	R 11/28	Thanksgiving Break – No Class	
15	T 12/3	Chapter 14: Monopolistic Competition	
	R 12/5	Chapter 14: Monopolistic Competition	
16	T 12/10	Chapter 16: Public Goods, and Healthcare	HW12: Dec 9 by 11:59 pm
	R 12/12	Review	
17	W 12/18	Final Exam (cumulative): 10:15 a.m. – 12:15 p.m., location to be determined	

Note:

- *This schedule is tentative and subject to change. It serves as a guideline. Any possible changes will be updated on Canvas*
- *Modification of policies may be required during the semester. I will make explicit announcements pertaining to any such changes.*