

**Economics 202  
Principles of Microeconomics  
Spring 2020**

Section 003

TR 1:00 - 1:50 p.m.

131 Behavioral Sciences

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**Course Description**

We constantly face economic issues which are important in our lives. Consider, for example, health care. In 2018, people in the United States spent \$3.65 trillion dollars on health care. Stated in other terms, a little over one in every six dollars spent today is on health care. Within the next ten years, one in every five dollars we spend will be on health care. The United States (US) spends a far greater portion of its total product on health care than any other country in the world. The United States has also stood out as the only industrialized country in which health insurance is not provided to all of its citizens. The Affordable Care Act (ACA) was intended to achieve universal provision of health insurance and to reduce annual increases in health care costs in the US. US health care markets generally and the passage of the ACA raise a variety of questions regarding US health care markets. Why are costs so high when universal health care has not been available? How can we achieve universal provision of health insurance? If we do, how much will it cost to achieve universal health care? What can be done to reduce the growth in health care costs? In order to develop sound public policies regarding health care and sound public policies generally, we need some way of thinking systematically about these and similar issues. Micro-economics provides us with tools for analyzing these issues. This course will introduce students to the basic ideas and models underlying micro-economic analysis. The basic building blocks of our analysis will be the demand and supply sides of a market. These tools will be used to study markets, the efficiency of competitive markets, and various governmental policies.

Upon completion of the course, a successful student should

- 1) be familiar with basic economic concepts such as opportunity costs, comparative advantage, and market equilibrium,
- 2) understand how trade can increase overall production,
- 3) be able to explain the derivation of market demand and market supply,
- 4) be able to analyze how changes in the factors affecting market supply and market demand will affect the market equilibrium, and
- 5) how we can use the basic supply-demand model to analyze public policies such as taxation and environmental laws.

### **Course Structure and Policies**

**Textbook:** Mankiw, *Principles of Microeconomics* (8<sup>th</sup> ed.) (2018). Cengage Learning: Boston, MA.

The course textbook and materials provided by the publisher are available through the CSU Inclusive Access Program. These materials include online homework, quizzes and/or access to the eBook. While access to materials for this course under the Program is REQUIRED, you can “opt out” of the Program for this course and find course materials on your own if you wish. Please watch for emails from the “CSU Bookstore” about ‘opting out’ as well as charges to your student account. These emails will be sent to your official “@colostate.edu” address. You can manage all these materials by clicking on “Manage eResources” in Canvas after clicking on our class.

**Coverage:** Students are responsible for all materials in the assigned text chapters, covered in class and presented in recitations.

**Lectures:** LECTURES ARE IMPORTANT! Do not get into the habit of missing lectures (regardless of the course). You will be better off in the long run (i.e., your job opportunities, where you live, etc.) by attending class and getting good grades. There is *nothing* virtuous about missing lectures.

**Contact Hours:** Each week students will be expected to spend the following time on this course

|   | <i>Activity Contact Hours per Week</i> |
|---|--|
| Attend Class and Recitation                           | 3                                      |
| Review Assigned Readings prior to class               | 6                                      |
| Review Class Notes after class, and prepare for tests | <u>3</u>                               |
| Total   | 12                                     |

**Recitations:** Each week, students will attend recitations directed by their teaching assistant. Recitations are an important part of the course. **DO NOT MISS RECITATIONS.**

**Midterms:** There will be three mid-term examinations during the semester in addition to the final examination. Each midterm will be worth 100 points. Only the best two mid-terms will count toward your final grade. The dates of the mid-terms are

Test 1: Thursday February 13.

Test 2: Thursday March 12.

Test 3: Thursday April 16.

**THERE WILL BE NO MAKEUP MIDTERMS AND** (subject to university rules and regulations) **NO EXCEPTIONS TO THIS RULE.** Since I will count only two of three mid-term examinations, any missed mid-term will be the mid-term that does not count.

**Final Exam:** The final examination will cover materials taught since the *second* midterm examination. It will be worth 100 points. You must take it! **You cannot substitute a midterm exam for the final exam.** The final examination is scheduled for *Tuesday May 12 from 6:20 p.m to 8:20 p.m.*

**Take-Home: Essay** On Monday, April 27 you will be given a take-home essay question which you must answer. The question will be worth 50 points. The question will present you with a specific situation and ask you to analyze the situation using one or more of the concepts discussed recently in class. Your answer to the question (including graphs) should not exceed three pages. (If your answer is less than three pages, don't try to fill in the extra space by adding unnecessary materials. You will earn points based on the substance of your answer, not the length of your answer.)

Your answer to the question will be due *in class* on Thursday April 30. You will lose 10 points (i.e., 20% of the grade) for each day (24-hour period) it is late. Thus, an answer submitted after the time it is due but within 24 hours of the

that time will lose 10 points, an answer submitted between 24 and 48 hours after the that time will lose 20 points, and so on.

***You must answer this question yourself.*** Do not work with others on the question. It can be easy to determine if someone has violated this rule because when students work with others and get parts of the answer wrong the whole group has the same wrong answer. If we conclude that you worked with other students on the question, you will get zero on the assignment.

***Extra Credit:*** You will receive 1 point for each recitation you attend, for a total of 15 possible extra credit points. To receive an extra credit point for a recitation *you must* sign the attendance sheet distributed during the recitation and *you must* stay for the whole recitation.

***Grades:*** There are 350 possible points in this course. Your course grade will be determined by adding together the points earned on the two highest midterm examinations (200 points), the final examination (100 points), the take-home essay question (50 points), and any extra credit points you earn. Each student is responsible for retaining graded midterms and essays in order to verify points earned. The grading scale is

|                          |                      |
|--------------------------|----------------------|
| A = 90% and above:       | 315 points and above |
| B = 80% to less than 90% | 280 - 314 points     |
| C = 70% to less than 80% | 245 - 279 points     |
| D = 60% to less than 70% | 210 - 244 points     |
| F = less than 60%        | below 244 points.    |

***Appeals:*** You have one week after receiving a midterm or a graded essay to appeal the grading of a specific question. Your appeal should be written and should state why you believe additional points should be awarded. For examinations, you must identify the question(s) for which you believe you deserve more points. In the case of a written appeal, I reserve the right to re-grade your entire exam, not just the question under appeal.

***Academic Integrity:***

The University takes academic integrity seriously. At a minimum, academic integrity means that no one will use another's work as their own. Of course, academic integrity means more than just avoiding plagiarism. It also involves doing your own reading and studying. It includes regular class attendance, careful consideration of all class materials, and engagement with the class and

your fellow students. Academic integrity lies at the core of our common goal: to create an intellectually honest and rigorous community.

Because academic integrity, and the personal and social integrity of which academic integrity is an integral part, is so central to our mission as students, teachers, scholars, and citizens, we will ask to you sign the CSU Honor Pledge as part of completing all of our major assignments. While you will not be required to sign the honor pledge, we will ask each of you to write and sign the following statement on your papers and exams:

*“I have not given, received, or used any unauthorized assistance.”*

### **Course Outline**

(The identified weeks in which the materials will be covered are approximate. They also do not necessarily indicate which materials will be on a given test.)

1. Introduction, Basic Principles of Micro-Economic Analysis - Chapters 1 & 2 (weeks 1 and 2).
2. Interdependence and The Gains From Trade - Chapter 3 (weeks 3 and 4).

#### ***How Markets Work***

3. The Market Forces of Supply and Demand - Chapter 4 (weeks 4 to 6).
4. Elasticity and Its Application - Chapter 5 (weeks 7 and 8).
5. Supply, Demand, and Government Policies - Chapter 6 (weeks 8 and 9).

#### ***Markets and Welfare***

6. Consumers, Producers, and the Efficiency of Markets - Chapter 7 (weeks 10 and 11).
7. Application: The Costs of Taxation - Chapter 8 (weeks 11 and 12).
8. Application: International Trade - Chapter 9 (weeks 12 and 13).

#### ***The Economics of the Public Sector***

9. Externalities - Chapter 10 (weeks 13 and 14).

#### ***Imperfectly Competitive Markets***

10. Monopoly and Oligopoly – Chapter 15 (part), Chapter 17, and notes (weeks 14 into 15).
11. Asymmetric Information & Health Care Markets - Chapter 22 Section 1 and notes (week 15)