

ECON 201-001
Fall 2011
T/Th 10:00-11:50
CRN: 11075
Classroom: CH 71

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Economics 201: Principles of Economics - Micro

This course studies theories of individual choice in the face of scarcity. We will examine how individuals and firms make choices about consumption and production. We will then study the consequence of these choices and government policy on market outcomes. Microeconomics provides the foundation for the study of other areas of economics.

Books and Problem Sets

I have assigned *Microeconomics, 2nd Edition* by Paul Krugman and Robin Wells and you will also need a subscription for Aplia (aplia.com). We will be using Aplia software for practicing with frequent problem sets which I have found is helpful for most students. There are several ways to buy both the textbook and Aplia:

- 1) An ebook version of the text *Microeconomics* and Aplia subscription for \$90 at aplia.com.
- 2) An ebook version of *Microeconomics* & Aplia subscription for \$112.50 at PSU Bookstore.
- 3) A looseleaf paper version of *Microeconomics* & Aplia subscription for \$123.75 at the PSU Bookstore.

If you want to read from a paper copy and don't want to spend as much as 3), you can buy a copy of the first edition of the book, which you can find for about \$5 on sites like abebooks.com. You can use the ebook version to check for significant differences between the editions.

If you don't like the style of Krugman and Wells for whatever reason, I suggest that you get an inexpensive used copy of another introductory microeconomics text to read first, and only use Krugman and Wells when it is needed for the problem sets. Good introductory texts include Colander (more discursive), Mankiw (good examples), Case and Fair (more theoretical and logical), Baumol and Blinder, and dozens of others.

Aplia registration:

1. Connect to <http://www.aplia.com>.
2. It is a good idea to check the compatibility of your computer software with Aplia: click the link for the *System Configuration Test* just below the *Create a New Account* button on the

lower right of the Aplia home page. When you have made sure your browser and other software is up-to-date, return to the Aplia home page.

3. If you don't have an account, click the *Create a New Account* button, and choose *Student Account*.

Once you create an account, sign in. Go to your *My Courses* page, and click the *Enroll in a New Course* button.

4. Enter your Course Key when prompted: M7YU-JDVP-TFJA. Continue to follow the on-screen instructions to access your course.

As soon as you register for this course you can start using the software. You can pay for the software online with a credit card right away, or pay later (until 10/15/2010) online or by paper check.

Clickers

You will need a Turning Point clicker for in-class exercises. There are 4 ways to obtain them:

1) I have about 50 of them from a previous trial, which you can borrow for free (first come, first served, at the first class).

2) You can buy the *Turning Point* clickers for \$50 in the PSU Bookstore (downstairs in the textbook section). You will be able to sell them back to the Bookstore at the end of the quarter for half the purchase price, if you want.

3) You can buy a Turning Point clicker online for \$40 from their website:

<https://store.turningtechnologies.com>. Use school code "PSU1".

4) If you have an internet-enabled iPhone or Blackberry, you can use it as a clicker. You need to buy a license from Turning Point for \$15 (good for a year). Go to

<https://store.turningtechnologies.com> and use the code "PSU1".

Grades are determined by performance on

Aplia problem sets	30%
Midterm exam	30%
Final exam	35%
Attendance	5%

Do not plagiarize or engage in any other form of academic dishonesty. I vigorously pursue suspected cheating because it undermines honest work.

Students with accommodations approved through the Disability Resource Center need to tell me during the first week of term to discuss accommodations. Students who believe they are eligible for accommodations but who have not yet obtained approval should contact the DRC immediately.

Course Outline and Readings

- Week 1, Class 1, 2 (September 27, 29)
Introduction: First principles (K&W, Chap. 1)
- Week 2, Class 3, 4 (October 4, 6)
Trade-offs (K&W Chap. 2)
- Week 3, Class 5, 6 (October 11, 13)
Supply and Demand (K&W Chap. 3)
How to save and invest
- Week 4, Class 7, 8 (October 18, 20)
Consumer and Producer Surplus & Price Controls (K&W Chaps. 4 & 5)
- Week 5, Class 9, 10 (October 25, 27)
Elasticities (K&W Chap. 6)
pp. 143-6 up to “An Alternative Way to Calculate Elasticities”
pp. 148-152 up to “Price Elasticity Along the Demand Curve”
pp. 158-161 up to “Economics in Action”
Taxes (K&W Chap. 7)
- *Midterm, Thursday, October 27th in class*
- Week 6, Class 11, 12 (November 1, 3)
International Trade (K&W, Chap. 8)
Inside Job movie (Financial collapse of 2008)
- Week 7, Class 13, 14 (November 8, 10)
Making Decisions (K&W, Chap. 9)
Rational Consumer (K&W, Chap. 10)
- Week 8, Class 15, 16 (November 15, 17)
Consumer Choice (K&W, Chap. 11)
Perfectly Competitive Firm Production (K&W, Chap. 13)
- Week 9, Class 17 (November 22) [n.b. November 24th is a university holiday]
Monopoly (K&W, Chap. 14)
- Week 10, Class 18, 19 (November 29, December 1)
Externalities (K&W, Chap. 17)
Great Divergence (reading on Aplia)
- ***Final – Tuesday, December 6th, 10:15-12:05***