ECON 200

Principles of Microeconomics

Course Introduction
5 credits

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Econ 200 offers a well-established and useful approach to understanding the workings of a market-based economy. The students will be able to explain

1. How millions of diverse and unique individuals make decisions as consumers with a regularity of behavior that lends itself to scientific study,
2. How thousands of suppliers in many sectors of an economy use the scarce economic resources to produce goods and services that consumers want without the familiar means of communication (phone call, email, etc.) between the two sides of the market,
3. Where prices for goods in the grocery stores, car dealerships, services of dry cleaners, etc. come from, what role do prices play in the grand coordination mechanism in an economy,
4. How and why do prices of goods and services change,
5. How do consumers and suppliers react to changing forces (incomes, government policies, global events, weather, etc.) and how do these forces affect consumer welfare?
6. What role does the system of property rights and institutions of private property rights play in improving the lives of inhabitants in an economy?

There are 10 lessons. Each lesson consists of 4 modules with an instructional video (each 10-15 minutes long), accompanying text readings and relevant articles from news media. Each instructional module will be followed by a short “Check Your Understanding” quiz (available in My Econlab—please see page 4 for information on accessing My Econlab) and a number of problems selected from the textbook as well as articles from newspapers and new magazines. There is also a set of multiple choice Practice Questions for each lesson also available in My Econlab.

Course Objectives

Fundamental Knowledge
- Identify the organizing principle of scarcity in economic decision making
- Define the concept of opportunity cost and recognize its different forms in the economic decision making of individuals (consumers) and firms (producers)
- Explain how individuals and firms make themselves as well off as possible in a world of scarcity
• Explain how price acts as a signal in the resource allocation mechanism and how market prices inform the decisions about which goods and services to produce
• Explain how government policies affect the allocation of resources in an economy

Application, analysis and evaluation
• Apply the fundamental concepts and tools of economic analysis to real world scenarios
• Analyze the effect of changes in the economic forces on the allocation of resources
• Evaluate the justification for and effects of government tax, subsidy, and price control policies on the allocation of scarce resources and economic efficiency

Course Prerequisites
There are no explicit prerequisites for this course. It will help, however, if you are proficient in the skills at the level of intermediate (high school) algebra. If it has been a long time since you took any math, you may need to review some basic algebraic techniques. Math 111 is a recommended course.

Completion Requirements

Example:
To successfully complete this course, you must do the following:
• read this course guide and the assigned sections of the texts;
• view and work with the online video lectures;
• complete the online “check Your Understanding” quizzes, the weekly tests and the midterm and final exam;
• actively contribute to each lesson's online discussion topic --under Discussion Forum--as specified in each lesson.
• complete and submit your written assignment—threaded project;

Communicating with Your Instructor and Student Peers

In addition to e-mail and drop-in office hours with your instructor, your course may offer any or all of the following tools for communication:

• profiles, where you can post information about yourself—your instructor may have specific instructions about what to post;
• forums, where you can post your opinions, research results, or structured responses to a question, and carry on a conversation with your classmates, at any time;
• chat, where you can converse with your classmates in real time;

Course Materials
2. A set of Readings from the Wall Street Journal and other publications to accompany your textbook
3. A set of 10-15 minute videos. There are 4 video modules per lesson.

Required Materials

The text is chosen for its clear treatment of the reasoning process and derivation of fundamental ideas and concepts in principles of microeconomics. The textbook will be available in the UW Bookstore. The new edition of the textbook—purchased from UW Bookstore—includes an access code for My Econlab, the educational software accompanying the textbook. This software includes multiple choice questions that students can use as practice (called Practice Questions). Also quizzes and multiple choice tests will be assigned from My Econlab.

You can access your online quizzes and tests in My Econlab here: [http://www.pearsonmylabandmastering.com/northamerica/](http://www.pearsonmylabandmastering.com/northamerica/)

The Readings are good applications of the economic concepts and relationships observed in real life.

The videos either illustrate primary concepts or are applications of the concepts in the course.

Key Terms
Each lesson includes terms that are important to the concepts and relationships you will learn and are intended to serve as guides to your study. These terms are presented and defined in the textbook and are also explained in the videos. You are responsible for learning the key terms and will practice applying them in various settings such as answering multiple choice and non-multiple choice questions, and in discussion forums, etc.

Practice Exercises

Practice exercises at the end of each chapter are for your own use, so you will not turn them in. There is no requirement to complete these exercises, but they are included to allow you to practice the reasoning process in principles of microeconomics. Answers and hints for these exercises can be found at the back of the textbook. You are encouraged to do these exercises and check your answers. If you are having trouble with them, contact your instructor for further help. There will also be some practice multiple choice exercises assigned from My Econlab. There are called “Practice Questions—Lesson 1”, “Practice Questions—Lesson 2”, etc.

Discussion Forums

The Forum enables us to simulate one of the features of a classroom setting; we'll be able to share our questions and ideas through threaded online discussion forums.

Each lesson includes a question or comment posted on the Discussion Forum that you will respond to. (See the Course Schedule for due dates.) These are for your benefit; they also help your instructor evaluate your understanding and adjust his or her teaching accordingly. The online discussions also allows you and your classmates to share knowledge and help each other learn.
About the Lessons

There are 10 lessons. Each lesson consists of 4 modules with an instructional video (each 10-15 minutes long), accompanying text readings and relevant articles from news media. Each instructional module will be followed by a short online “Check Your Understanding” or “CYU” quiz and a number of problems selected from the textbook and My Econlab as well as articles from newspapers and new magazines.

Lesson Example:
Lesson 1: Scarcity, opportunity cost, and postulates of consumer behavior
Module 1) The axiom of scarcity and the concept of opportunity cost: decisions, decisions!
Module 2) The opportunity cost of attending college and other examples
Module 3) Forces that influence consumer’s decisions: tastes versus constraints
Module 4) Chapter 2-The four postulates of consumer behavior: How do we find regularity of behavior among diverse individuals?

About Assignments or Special Project

This course features a “threaded student example” throughout the course. The threaded examples make direct use of the concepts students learn and apply the concepts to various aspects of the choice to complete a college education—as experienced by students. Students submit their explanation on the threaded project once every other week. There are 4 threaded project questions throughout the quarter and students receive participation points for them.

Assignment Submission Guidelines

Your multiple choice “CYU” quizzes, weekly tests, and midterm and final exams are online and accessible through My Econlab. Your comments to Discussion Forum are simply posted. You can submit your written response for your threaded project by using the "Upload a file" link.

About Exams

This course includes both a midterm and a final examination—the midterm follows Lesson five and the final follows Lesson Ten. If you conscientiously do the assignments and readings, these exams should not be difficult. The midterm and final exams will consist of 25 multiple choice questions each.

Remember, the exams will give you a chance to show how well you have integrated the covered material. See Lesson 5, Module 4, reviewing for your midterm exam. The final examination will not be comprehensive—it will cover only the material contained in the last 5 lessons. See Lesson 10, Module 4 for a review of the material for the final.

Assessment and Grading

1. Following each (video) module students will complete a short 5 question multiple choice quiz (“Check Your Understanding” or “CYU”) online. These questions test student comprehension of the material in the corresponding video. The quizzes are collectively worth 10% and two worst “CYU” quiz grades will be dropped. The CYU quizzes are accessible from Saturday 1 pm to next Saturday 10 am. For example, for CYUs for Lesson 3, all of the 4 CYU quizzes for this lesson are available from Saturday, Oct. 11, 1 pm through Saturday, Oct. 18, 10 am. Once you open a quiz you will have 20 minutes of straight/continuous time to complete it.
2. Students complete weekly online Tests—in multiple choice form—that test their analytical reasoning applied to a few questions—due by Sunday. This part is collectively **worth 30%** of their grade. [Students will also have a selection of practice questions from the textbook as non-graded problems that will be assigned to them each week. There will also be non-graded multiple choice practice tests assigned each week from My Econlab.]

The online Weekly Tests are accessible from Thursday 12 noon to Saturday 12 noon. For example, for Weekly Test 3 for Lesson 3, this test is available from Thursday, Oct. 16, 12 noon (12 pm) through Saturday, Oct. 18, 12 noon (12 pm). Once you open a Weekly Test you will have **40 minutes** of straight/continuous time to complete it.

3. Students respond to a prompt by the instructor and post their response on the Discussion Forum. They also post comment on one other response by another student. This is a graded weekly activity. Posting on Discussion Forums will collectively be **10%** of their grade. [Additional general comments and questions about the material taught can also be posted on the Discussions Forum. This will be part of communication between students and also students and their teacher.]

4. Students submit their written explanation on the threaded project (every other week). There are 4 threaded project questions throughout the quarter and students receive participation points for them. Students receive **10%** of their grade for submitting answers to the threaded project questions.

5. Students complete their midterm and final exams. These tests are collectively **worth 40%** of the course grade. The Midterm is accessible on Saturday, Nov. 1 from 8 am to 8 pm. Once you open your midterm test you will have **1 hour and 10 minutes** of straight/continuous time to complete it.

The Final is accessible on Sunday, Dec. 7 from 8 am to 8 pm. Once you open your final test you will have **1 hour and 10 minutes** of straight/continuous time to complete it.

**Assessment Criteria for non-multiple choice assignments**

There are two types of non-multiple choice assignments, the threaded project and the postings on Discussion Forum.

Student assessment in Discussion Forum postings involves 3 criteria:

1. Relevance of student response to prompt
2. Analytical correctness
3. Writing style

Assessment in the threaded project includes the following criteria:

1. Thoughtfulness and breath of student’s response (e.g., considering various aspects that affect the choice of completing one’s college degree)
2. Writing style
Grading

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<thead>
<tr>
<th>Assignment</th>
<th>Grade</th>
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<tbody>
<tr>
<td>Check Your Understanding</td>
<td>10 points each; collectively 10% of grade</td>
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<tr>
<td>Weekly Tests</td>
<td>20 points each, collectively 30% of grade</td>
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<tr>
<td>Midterm and Final exams</td>
<td>50 points each, collectively 40% of grade</td>
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<tr>
<td>Discussion Forum</td>
<td>10 points each, collectively 10% of grade</td>
</tr>
<tr>
<td>Threaded Project</td>
<td>10 points each, collectively 10% of grade</td>
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<tr>
<td>Total</td>
<td>100%</td>
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Study Tips

- First, read the assigned sections of the book for each lesson carefully. It is a good idea to take some notes on what you understand and also on what is confusing. Then view the video modules and take the accompanying short quizzes (“Check Your Understanding”).
- If the video modules do not eliminate any confusion you have, please contact your peer study group or your instructor and ask for clarification and help.
- Attempt the non-multiple choice questions assignments from each chapter. Some answers and hints are provided in the back of section of the book. If you do not know how to approach the question or are unsure you have addressed it correctly, ask your peers or your instructor for help. Try to write complete answers and draw the accompanying graphs. Finally attempt the multiple choice questions titled, “Practice Questions” (non-graded) for further practice. These are found in My Econlab.
- You are now ready to take your online weekly multiple choice test! From Thursday noon to Saturday noon of each week, you can access My Econlab to do your weekly test—in 40 minutes.
- By Sunday of each week you should be ready to address the prompt in the Discussion Forum. The prompt will constitute a question about the material you learned in the week prior to Sunday.
- By Monday of every other week you want to write and submit your response to the threaded project.
<table>
<thead>
<tr>
<th>Week/Date</th>
<th>Lesson</th>
<th>Readings</th>
<th>Assignment Due Dates</th>
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</table>
| 1 Sept. 24-Oct. 5 2014 | Lesson 1: Scarcity, opportunity cost, and postulates of consumer behavior | 1. Textbook, chapters 1 and 2, Sections 2.1-2.2  
Weekly Multiple choice test 1 due on Saturday, Oct. 4, 12 noon.  
Discussion Forum posting due by Sunday, Oct. 5, 12 noon |
| 2 Oct. 6-Oct. 12, 2014 | Lesson 2: Consumer Choice and Derivation of the Demand Behavior | Chapter 2, sections 2.3-2.5 | “Check Your Understanding” quizzes (4 quizzes - one for each video module) for Lesson 2 are due by Saturday, Oct. 11, 10 am.  
Weekly Multiple choice test 2 due on Saturday, Oct. 11, 12 noon.  
Discussion Forum posting due by Sunday, Oct. 12, 12 noon.  
Threaded Project submitted by Monday, Oct. 13, 9 am |
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<tr>
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<th>Lesson</th>
<th>Chapters</th>
<th>Notes</th>
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<tr>
<td>3</td>
<td>Lesson 3: Applications of the concept of demand and the definition of the price elasticity of demand</td>
<td>Chapter 2, Sections 2.6-2.7 and Chapter 3, sections 3.1-3.2 (up to Drug Related Crimes)</td>
<td>“Check Your Understanding” quizzes (4 quizzes- one for each video module) for Lesson 3 are due by Saturday, Oct. 18, 10 am.</td>
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<td>4</td>
<td>Lesson 4: Applications of the price elasticity of demand and law of demand</td>
<td>Chapter 3, Sections 3.2-3.5</td>
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<td>Week</td>
<td>Dates</td>
<td>Lesson</td>
<td>Chapter(s)</td>
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<td>6</td>
<td>Nov. 3- Nov. 9, 2014</td>
<td>Lesson 6: Market Equilibrium, Economic Efficiency, and the effect of various forces on the outcome of a market</td>
<td>Chapter 4, Sections 4.4-4.5 and Chapter 5 Sections 5.1-5.2</td>
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<td>7</td>
<td>Nov. 10-Nov. 16, 2014</td>
<td>Lesson 7: The Effects of Government Tax and Subsidy Policies on the Market Outcome and Economic Efficiency-Examples</td>
<td>Chapter 5, Section 5.3</td>
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<tr>
<td>Date Range</td>
<td>Lesson Content</td>
<td>Reading Material</td>
<td>Due Date</td>
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<td>Nov. 17-Nov. 23</td>
<td>Lesson 8: Price Controls and Introduction to Production and Exchange</td>
<td>Chapter 5, section 5.4 and Chapter 6, section 6.1 and the article “Addiction to Sugar Subsidies Chokes Poor Nations' Exports” The Wall Street Journal, Sept. 16, 2002.</td>
<td>Sunday, Nov. 16, 12 noon; Threaded Project submitted by Monday, Nov. 17, 9 am</td>
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<td>Nov. 24-Nov. 30, 2014 (Thanksgiving week)</td>
<td>Lesson 9: The Production Possibility Frontier with Many Producers and the Marginal Cost of Production</td>
<td>Chapter 6, sections 6.2-6.5 and the article “Facing Up to End of 'Easy Oil’” The WSJ, May 24, 2011</td>
<td>Sunday, Nov. 23, 12 noon; Discussion Forum posting due by Sunday, Nov. 30, 12 noon; Threaded Project submitted by Monday, Dec. 1, 9 am</td>
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Lesson 10: The Role of Rents and the System of Private Property Rights in Ensuring Economic Efficiency

Chapter 6, Section 6.6 (excluding “Quasi-Rents”) and 6.7

“Check Your Understanding” quizzes (3 quizzes - one for each video module 1-3) for Lesson 10 are due by Saturday, Dec. 6, 10 am.

Final Exam due by Sunday, Dec. 7, 8 pm.

Discussion Forum posting due by Monday, Dec. 8, 8 pm.

About the Developer

Haideh Salehi-Esfahani is a principal lecturer in economics. She has been teaching economics at UW since 1990. Originally from Iran, Haideh received her B.Sc. in mathematical economics and econometrics from the London School of Economics in 1979 and her PhD from the University of Pennsylvania in 1985. She has taught at the University of Utah during 1985-1990. Her areas of specialization and interest include international trade and economic development, and institutional development and emergence of rule of law. She teaches courses in principles of economics and international trade at the undergraduate level at UW. She has been teaching principles of microeconomics, Econ 200, since fall 2006 and is excited to offer an online version of this course for the first time.