

# Principles of Microeconomics 101

Fall 2009

Prof. Brent Kreider

Section 4: MWF 1:10-2, Curtiss Auditorium

Section 5: MWF 2:10-3, Curtiss Auditorium

**Course background:** Contrary to public perception, economics is not primarily about money. Instead, economics is a broad social science that studies how people make decisions under conditions of scarcity – that is, given constraints. Microeconomics focuses specifically on the decisions of individuals, households, and firms. (Macroeconomics, in contrast, studies aggregate consequences of these decisions as typically measured by unemployment rates, inflation, economic growth, etc.) The core theory learned in this course can be applied to public policy, health care, education, financial markets, industrial organization, international trade, environmental issues, sports, personal relationships, and many other areas.

Importantly, economic theory is valuable not only for its direct applications, but also for its scientific rigor in thinking about social issues and public policy. In particular, the theories force us to make explicit our assumptions and objectives. This allows us to more objectively critique and debate competing viewpoints. It also allows us to better understand the actions of other individuals and how their environments and objectives influence their decisions. Learning about economics has life-long benefits if for no other reason than because it helps us become more critical thinkers.

**Class webpage:** <http://www.econ.iastate.edu/classes/econ101/kreider/Econ101.html>

**Aplia:**

- webpage for assignments: <http://econ.aplia.com/af/servlet/login> (course key: S5HH-7XLR-3ZMG)
- due dates for Aplia problem sets will be announced in class and on the class webpage

**Email:** bkreider@iastate.edu (preferred method of correspondence)

Head TA: Mr. Bo Xiong, bxiong@iastate.edu

**Help Room:** 180 Heady Hall

- open Monday-Thursday 9am-5pm and Friday 9am-4pm
- all 101 students can see any TA in the Help Room (please fill out short TA evaluation form)
- see my course webpage for office hours of the TAs assigned specifically to this class

**My office hours:** 460C Heady Hall, Tue 1:30-3:00 and Thur 1:30-2:30

(or stop by other times and I will meet with you if at all possible)

**Important dates (tentative):**

Midterm 1	Fri., Sept. 25 (during regular class time)
Midterm 2	Fri., Oct. 23
Last day to drop	Fri., Oct. 30
Thanksgiving Break	M-F, Nov. 23-27
Extra credit paper due	Wed., Nov. 11 (turned in at the Help Room )
Midterm 3	Wed., Nov. 18
Final, Section 4 (1:10 class)	Mon., Dec. 14, 12-1:30 (regular classroom)
Final, Section 5 (2:10 class)	Wed., Dec. 16, 2:15-3:45 (regular classroom)
	(Note: exam dates are subject to change by the university)

(midterm exams are administered in the regular classroom at the regular class time; bring ID)

## Readings

- The required text for this course is Robert Hall and Marc Lieberman, Microeconomics: Principles and Applications, 4E, (latest edition) South-Western College Publishing. The online Aplia software accompanies the textbook and is used for problem sets, analysis of current events, tutorials, and class experiments. You have the option of buying a physical textbook (a version that includes the required Aplia software license code as part of its price) or buying only an Aplia license code. In both cases, you will be able to read the textbook online. See the class webpage for details about your purchasing options.
- An optional study guide is available: Study Guide for Hall/Lieberman's Microeconomics: Principles and Applications, 4th Edition.
- Over the semester, students should also read all of the short public policy debates that are linked near the bottom of the class webpage. These policy debates are easy to read and apply the tools learned in class to interesting real-world problems. The extra credit paper is designed around these readings.

## Class format

- Class lectures will cover most of the topics in the text along with some additional topics – I do not lecture straight out of the book (not even close). All assigned material in the text or from lectures is fair game for the exams unless stated otherwise. Most, but not all, exam questions can be answered based on material covered both in lectures and in the textbook – one source reinforces the other. Students who miss class are responsible for finding out about any announcements made during class.
- To make it easier to take notes in class, I provide outlines for my lectures near the bottom of the Aplia webpage under “Course Materials”. The idea is to print them out and bring them to class, adding details during the lecture. If you rely exclusively on the outlines, you will miss many important points. *Important:* these outlines will be deleted without notice once the corresponding lecture has been delivered, and they will not be made available by email (except in extreme circumstances such as a serious illness documented by the Student Dean’s Office).

## Grading policy

- All administrative questions about grades are handled by the Head TA (see above). Contact me about grades *only* if the Head TA is not able to resolve the problem to your satisfaction. For questions about the course material, contact me anytime.
- Your final grade in the course will be determined using the following weights:

	Best 2 of 3 midterms	Final exam	Aplia problem set grade (first drop two scores with lowest %)
Method A:	50%	25%	25%
Method B:	25%	50%	25%

At the end of the semester, I will automatically choose the method that gives you the higher final grade.

- Policy for missing an exam: There are no make-up midterms. In exchange, I automatically drop each student’s lowest midterm grade as indicated above. **If you miss two midterms**, then the second missed midterm will receive a **zero**. (Serious personal problems that might require exceptions to normal class rules will be handled case-by-case with the Student Dean’s Office.) The final exam is never dropped.
- There will be opportunities to earn extra credit (details below). Using the weights above, I will initially determine baseline final grades for all students without considering extra credit. Each student will earn at least the baseline grade. Then I will check whether a student has attained enough extra credit to improve the grade. If the baseline grade is borderline, then doing a small amount of extra credit – if done well – might be

enough to improve the grade. For each extra credit opportunity, you must earn at least half of the possible points in order to receive any points at all for that opportunity. Extra credit never improves the final grade by more than one full letter grade; more typical is one-half letter grade (e.g., from a C+ to B-).

- While attendance is not explicitly graded, I expect students to attend class. Exams are always imperfect instruments for evaluating a student's grasp of the material. For students with identical exam scores, I assume that those who attend class are generally more knowledgeable than those who routinely skip class. Therefore, students who end up "on the bubble" between two grades at the end of the semester are more likely to be bumped up to the higher grade if they attended class.

- I expect students to be considerate of others. Those who consistently violate the rules of classroom etiquette described below will be penalized (i.e., "class participation < 0").

### **Online Aplia problem sets**

- All technical difficulties with Aplia are handled by the Aplia support staff. See their webpage for instructions on how to get help.

- Aplia assignments (generally one per week) are graded automatically by computer elsewhere in the country, and late assignments will not be graded – even if they are only one minute late. No exceptions. To account for occasional internet problems, always plan to submit your assignments *at least 24 hours in advance*.

- I will automatically drop your two lowest problem set grades (measured by % scores) to account for the possibility of occasional internet problems, illness, or other emergencies.

- Students are allowed to work together on the Aplia problem sets, which are carefully synthesized with the required textbook readings. However, merely understanding how a classmate arrived at a solution is not the same as figuring out the problem yourself. Not until you struggle through a problem yourself will you truly begin to understand the problem. If you are proactive in working on the problem sets, this will count as valuable study time for the exams. If you are instead passive, spending most of your time trying to digest what someone else figured out, then your exam scores will likely suffer.

### **Exams**

- All four exams, including the final, will be administered in the usual classroom.

- The final is comprehensive, but the emphasis will be on material covered subsequent to the last midterm. Questions from previous chapters will be very basic and easy to answer for students who have kept up with the course.

- Bring a photo ID.

- For exams and other written work, always provide the following 9 digits of your student ID:  
000000 XXXXXXXXXX 00

- No calculators (or any other electronic devices) are allowed during an exam.

- Let me know beforehand about any special needs for a disability (see disability information below).

## Extra credit

(1) I will occasionally assign short extra credit Aplia assignments that highlight the role of economics in current events news stories. For each extra credit opportunity, you must earn at least half of the possible points to receive any points at all.

(2) Students may turn in a short summary paper (see due date above) that carefully describes aspects of a contemporary public policy debate. This paper is worth up to three times as much credit as an Aplia extra credit assignment. Details are provided below.

Grading of extra credit: After calculating the total fraction of extra credit attained on a scale from 0 to 100% for the semester, I will construct a separate extra credit curve for the class. Students who do well against this curve (especially those with borderline grades) will be bumped up to a higher final grade. Additional information is provided under “grading policy” above.

### Details for the extra credit paper:

A link to the list of debate topics is found near the bottom of the class webpage. Click on “economics policy debates” and then choose one of the “hot debates” in the left-hand column. The written assignment consists of three parts plus a short bibliography:

- (1 page) The first part of your assignment is to write a one-page summary of the authors’ main arguments – using your own words – in a way that demonstrates your thorough understanding of both sides of the debate. This first page is to be based entirely on the initial summary contained in the “Issues and Background” section of your selected debate.
- (1/2 page) The second part of your assignment is to add half a page of additional details using information provided in the background articles (downloadable for your convenience) listed under “Primary Resources and Data.” You must refer to at least two of these articles and cite them accordingly.
- (1/2 page) The third part of your assignment is to add half a page of your own views on the subject. The best papers will try to incorporate knowledge learned in class or from the textbook, but that is not a requirement.
- Your third page will be a short bibliography of the downloadable articles you cite (at least two references as indicated above).

So that the grading is uniform across students, observe the following requirements:

- Times New Roman font, 11 or 12 pt
- 1 inch margins all around
- double-spaced
- Include printouts of whatever documents you cite from the “Primary Resources and Data” section.
- STAPLE everything together to avoid a big mess. Otherwise, the paper will not be graded.
- Don't forget to include your name, section number, and 9-digit student ID number.
- SAVE a copy of your work in case it gets lost.

To receive credit, written assignments must be turned in at the Help Room in the appropriate box, not my office. The mere act of turning in a paper does not guarantee any credit. There has to be thought and effort behind it.

## **Additional useful resources**

- Online quizzes for each chapter of the text (with answers) are available at the class webpage. These quizzes are optional, but they are good practice and can help you monitor how well you understand the material. There is no need to provide my email address when taking a quiz.
- There is also a set of links to useful economics websites.

## **Disability accommodations**

Those seeking accommodations based on disabilities should obtain a Student Academic Accommodation Request (SAAR) form from the Disability Resources (DR) office (515-294-6624). DR is located on the main floor of the Student Services Building, Room 1076.

## **Classroom etiquette**

I'd like to provide an excellent learning environment for everyone. As a general principle, please try to be considerate of those around you (in economic jargon, try not to create "negative externalities").

- Please do not start whispering or gathering up your materials before the lecture is completely over. Lots of seemingly quiet rustling adds up to very distracting noise in the aggregate. It also delays the end of the lecture.
- If you know that you must leave early, please sit near the door.
- Do not use laptops or other electronic devices for anything during class time except to take notes.
- Conversations between students in lecture halls are easier to hear and more distracting than commonly realized.
  - Fortunately, I've installed remote-controlled trap doors under all your seats.
- Please do not read newspapers during lectures. It is often distracting to those around you (and me), even if you're being quiet.
- I don't mind food or drink within reason, as long as you offer me part of anything good.
- It's always fine to interrupt with questions.

Bottom line: I try to run a pretty laid back class. I will not jump on you just because your cell phone accidentally goes off. But if you consistently annoy me or your fellow classmates with endless chatter, playing games on your laptop, etc., I will figure out who you are and penalize your grade.

## **Economics major**

Please let me know if you become even remotely interested in economics as a major (or double-major). Economics can be a wonderful option for students interested in creative problem-solving and critical thinking about real life issues. Economics majors are typically well paid, nearly always employed, and have the opportunity to work together with professionals across disciplines. Many economics majors have rewarding careers outside of economics. They are valued in the real world not only for their knowledge about economics, but more importantly for their general analytical insights into how to solve problems.

## **Communication**

I try to be very accessible, both in person and through email. Always feel free to come see me for help with the course material or with other concerns.