

Economics 101
Section 5
Principles of Microeconomics
Spring 2004

Instructor:

Daniel C. Monchuk

Note: ***New Office and Phone Number***

Rm # 269 Heady Hall

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(if emailing me enter "Econ 101" in the subject heading
otherwise your E-mail may be discarded with
my usual barrage of junk mail)

Office Hours:

Tuesday 12:30-1:30PM

Wednesday 11:00-1:00PM

Thursday 12:30-1:30PM

Course Website:

www.econ.iastate.edu/classes/econ101/monchuk/

If you have any trouble reading or accessing the course website or materials please let me know via email

Teaching Assistants:

Note: All teaching assistants hold their office hours in the Economics help room in 20 Curtis

Babatunde Abidoye babidoye@iastate.edu 327 Curtiss 294-4827

M 12-1, Tues and Thurs 10-11 and 2-3, Fri 11-1 and 2-3

Chih-Chen Liu chuhchen@iastate.edu 178A Heady 294-7841

M 4-5, Tues 3-5

Michelle Mireault mireault@iastate.edu 327 Curtiss 294-4827

MWF 12-1

Onda Masakazu onda@iastate.edu 79 Heady 294-8897

M 2-3, Wed 2-6, Fri 9-12

Location and Time:

Coover 2245

Tuesday/Thursday 11:00AM - 12:15PM

Textbooks

Required: Microeconomics Principles and Applications. Robert E. Hall and Marc Lieberman 2nd Edition, Thomson South-Western

Recommended: Microeconomics Principles and Applications. Robert E. Hall and Marc Lieberman
Prepared by Geoffrey A. Jehle

Internet Resources: Additional information can be found on the website:

<http://hall-lieb.swcollege.com>

Evaluation:

Students will be evaluated based on a combination of in-class examinations, quizzes, take home assignments, and the ever popular final exam. There are a total of 950 possible points. The specific point allocations are as follows:

Evaluation	Total Possible Points
In Class Examinations	400
Quizzes	150
Take Home Assignments	150
Final Examination	300
Total	1000

In Class Examinations

There will be a total of three in class examinations. Of these three in class examinations only the highest two will count towards the students final grade. That is, the lowest grade will be dropped. Each of these exams will thus count for 200 points towards the final grade.

Quizzes

Quizzes will be short in class exercises which will take place during the regular lecture time. In general these will be given randomly throughout the semester and I may or may not give you advance warning. Failure to be present to take the quiz will result in a score of zero. There will be a total of 8 in class quizzes and the best six of these will count towards your final grade. Each quiz will carry a weight of 25 points.

Take Home Assignments and Problem Sets

The take home assignments will generally be assigned during the Thursday lecture and will be due the following Thursday. On the assignment due date the assignment can be turned in during the lecture or dropped off at my office before I come in the following morning (note that I sometimes work well into the night in my office which would mean the effective deadline is midnight while other nights I may not arrive in the office until later in the morning or afternoon). If the assignment is received beyond the due date a grade of zero will be entered. There will be a total of 8 of these take home assignments for which the highest six will count towards the final grade. Each homework carries a weight of 25 points.

Final Examination

The final exam will take place during the finals week. The final exam will count 300 points towards the final grade.

Exam Review Sessions

There will be an optional exam review session that will be held one or two days prior to major exam dates. Exam review sessions are intended to allow students an opportunity to ask questions of clarification on the lectures or any additional class subject matter related to the upcoming exam. No new subject matter will be covered during these sessions and as such attendance at these sessions is entirely optional and is up to the discretion of the students. These sessions will generally be held in the evening and will have specific times and locations announced prior to the exam.

Absences

Students are responsible for material covered in class in addition to any assigned material. If you cannot meet a course obligation for reasons of health or personal matters give me notice in advance via E-mail, phone message, note, friend, family member, bear on a tricycle, etc. (I would prefer email so that I have a record of all communication- remember to put "Econ 101" in the subject line).

Description of the Course

The purpose of this course is to provide the student with an understanding of the fundamental concepts of economics and how economists use these concepts to understand real world behavior. Economics is the study of choice under scarcity or limited availability. Every day each one of us deals with choices made in the presence of scarcity. We all have to live and work within the confines of a 24 hr day and as such need to allocate this scarce resource, time, between work, study, recreational time, and sleep. We all have limited budgets with which to purchase goods (such as food, beverages, and clothing for example). These expenditures on different bundles of goods are based on how we choose to allocate our money and gives rise to demand for different products. When we consider all peoples desires for a given good we can think of the concept of market demand. Given a demand for a good an entrepreneur or a business person may start producing this good to fill the wants of consumers. These suppliers are generally motivated by the potential to earn profits - i.e. make money. Sometimes the demand for the good is high enough to warrant production and sometimes it is not. In any given market we will see there may only be one supplier, a few, or many suppliers. As we will see later in this course the ability of these entrepreneurs and business persons to earn a profit depends to a great deal on the costs incurred in producing any given product and how much competition they face. We will also briefly consider the strategic interaction between economic agents using concepts of game theory - This is the stuff that John Nash got the Nobel prize for and without which "A Beautiful Mind" would not have gotten any nominations or awards.

Tentative Schedule:

Note that the following schedule is tentative and changes may be made to both lecture and/or examination dates. It is in the students' best interest to check the class web site regularly for any changes in scheduling.

<u>Month</u>	<u>Date</u>	<u>Day</u>	<u>Lec #</u>	<u>Lecture Topic(s)</u>	<u>Chapter</u>	<u>Text Pages</u>
Jan	13	Tues	1	Introduction, what is economics, basic principles	1	1-10
				Appendix: Graphs and Tables	1	12-19
Jan	15	Thur	2	Opportunity Cost, Scarcity, Production Possibilities, Trade, Specialization, and Economic Systems	2	20-43
Jan	20	Tues	3	Markets, Demand	3	46-58
Jan	22	Thurs	4	Supply	3	58-65
Jan	27	Tues	5	Equilibrium	3	65-77
Jan	29	Thurs	6	Comparative Advantage, Gains from Trade, Terms of Trade	16	476-485
Feb	3	Tues	7	Sources of Comparative Advantage, Objections, Restrictions	16	485-494
Feb	5	Thurs	-	Midterm Exam 1 - Lectures 1-7		
Feb	10	Tues	8	Price Elasticity of Demand	4	81-95
Feb	12	Thurs	9	Price Elasticity of Demand, Income Elasticity, Cross Price Elasticity	4	95-110
Feb	17	Tues	10	Budget Constraint, Marginal Utility	5	119-128
Feb	19	Thurs	11	Decisions, Income, Substitution, Market Demand	5	128-144
Feb	24	Tues	12	Consumer Theory with Indifference Curves	5	148-153
Feb	26	Thurs	13	Introduction to Production	6	154-164
Mar	2	Tues	13	Production in the Short Run	6	154-173
Mar	4	Thurs	14	Production in the Long Run	6	173-183
Mar	9	Tues	-	Midterm Exam 2 - Lectures 8-14		
Mar	11	Thurs	15	Profit Maximization, Marginal Revenue and Marginal Cost	7	189-201
Mar	16	Tues	-	No lecture - Spring Break		
Mar	18	Thurs	-	No lecture - Spring Break		
Mar	23	Tues	16	Long Run and Short Run Production Principal-Agent Problem	7	201-206
					7	206-210
Mar	25	Thurs	17	Perfect Competition, Competition the in Short Run	8	217-233
Mar	30	Tues	18	Competition in Long Run, Technology	8	233-245
April	1	Thurs	19	Monopoly, Goals and Constraints	9	249-258
April	6	Tues	20	Equilibrium in Monopoly Markets, Price Discrimination	9	258-272
April	8	Thurs	-	Midterm Exam 3 - Lectures 15-20		
April	13	Tues	21	Monopolistic Competition	10	278-285
April	15	Thurs	22	Oligopoly, Game Theory	10	285-290
April	20	Tues	23	Game Theory and Prisoners Dilemma, Strategies	10	291-299
April	22	Thurs	24	Labor Markets, Demand, Supply, Equilibrium	11	313-341
April	27	Tues	25	Income Inequality, Differences in Wages, Unions	12	348-358
April	29	Thurs	26	Market Failures	15	453-467

May 3 Monday Final Exam - Comprehensive 9:45-11:45a.m - Tentative -