

IOWA STATE UNIVERSITY
Department of Economics

Principles of Microeconomics, Econ 101
Section 2

SYLLABUS
Spring 2008

Instructor: P. Marcelo Oviedo

Class Hours: Mondays, Wednesdays, and Fridays, from 9:00 to 9:50 AM
Class location: Coover 2245

Instructor Contact Information

E-mail: oviedo@iastate.edu (please, include the phrase "Econ 101" in the subject of your e-mail)

Office: 279 Heady Hall

Office hours: contact the professor to set up an appointment.

Course website: www.econ.iastate.edu/classes/econ101/oviedo/

Course Goal and Description

This course is designed to help students develop an understanding of basic economic principles under the understanding that¹:

"By using cool heads to inform our warm hearts, economic science can do its part in ensuring a prosperous and just society."

At the end of the course, students will be able to apply the basic principles of economics to understand real economic phenomena as well as to interpret economic news in mass media.

Students will identify the role of the government in the economic organization and will internalize how markets operate according to the law of supply and demand. They will become familiarized with economics concepts like scarcity and efficiency; opportunity cost; elasticities of demand and supply; marginal decisions; economic incentives; market

¹ The quote is from the book Economics, by Paul Samuelson and William Nordhaus, McGraw-Hill Companies, several editions; see for example the sixteenth edition; (January 6, 1998).

structures including perfect competition and monopoly; market failures; comparative advantage and gains from trade, among other concepts.

Textbook

Microeconomics, by Paul Krugman and Robin Wells, Worth Publishers, 2005. ISBN 0-7167-5229-8.

Website: bcs.worthpublishers.com/krugmanwells/

Schedule of Topics and Readings

The table on page 6 shows the schedule of topics and readings. The schedule is tentative and subject to change as the class progresses. The chapters indicated in the table refer to chapters in the course textbook. Reading in advance is highly recommended. Course announcements, including exercises discussed in class and tips on coming quizzes, will be posted in the course website regularly.

Teaching Assistance

The following teaching assistants (TA's) have been appointed to help the students in this class:

1. Selin Gonen, sgonen@iastate.edu
2. Sunghwan Lee, slee1@iastate.edu
3. Han Qian, hqi@iastate.edu
4. Jeremiah Richey, jrichey@iastate.edu
5. Yanpin Su, ysu@iastate.edu

Feel free to contact the TA's to obtain as much help as you need for your quiz preparations and your understanding of the course materials. Students can also seek help at the Econ Help Room (180 Hedy Hall), Monday-Thursday from 9 AM to 6 PM, and Friday from 9 AM to 5 PM. The office hours of the TA's are detailed in the course website.

Supplemental instruction (SI) is available for this class and you are encouraged to use it. Please consult the SI website, www.si.iastate.edu, for information about session days, time, and locations, announcements, and agenda items.

Equal Opportunity

Any student who feels s/he may need an accommodation based on the impact of a disability should contact me privately to discuss her/his specific needs and to coordinate reasonable accommodations. Students can

also contact the Disability Resources Office at 515-294-6624 in room 1076, Student Services Building or email that office at awoniyib@iastate.edu.

Iowa State University does not discriminate on the basis of race, color, age, religion, national origin, sexual orientation, gender identity, sex, marital status, disability, or status as a U.S. veteran. Inquiries can be directed to the Director of Equal Opportunity and Diversity, 3680 Beardshear Hall, tel.: (515) 294-7612.

Class Policy

1) Grades and Quizzes

Grades will be based on 15 quizzes. There is a 15-minute quiz (from 9:35 to 9:50) every Monday (every Wednesday when there are no classes on Monday) and another 20-minute quiz during the final-exam week. Each quiz covers the material discussed in class during the week preceding the quiz, except for the 15th quiz which covers the material discussed during the 14th and 15th weeks of classes. Examination questions will be based primarily, although not exclusively, on (a) end-of-chapter problems; (b) the practice quizzes available at the textbook's website; (c) the questions appearing in the textbook under the heading "check your understanding"; and (d) the material discussed in class. The instructor will solve several end-of-chapter exercises in class.

Each student's final grade will be determined based on a simple average of the 12 quiz scores, as follows: (a) the best 11 out of 14 quizzes taken during between the 2nd and 15th weeks of classes, and (b) the score of the 15th quiz, which every student must take and which will cover material discussed during the two weeks preceding the test.

The primary reason for disregarding the worst 3 quizzes taken while classes are in session is to contemplate **all** possible reasons that would cause a student to miss a quiz during the semester. This is because there are no make-up quizzes and the grade of a missed quiz is **zero**. A student failing to take the 15th quiz obtains a zero grade in that quiz and that grade counts for the computation of the course final grade, disregarding the number of quizzes missed during the semester.

Remember, there are no extra credit opportunities, nor extra papers, nor exam retakes for any missed quiz. Students missing more than 3 quizzes should justify **all** their absences to avoid that a 0-score counts for their final grade, according to the following: (a) a doctor's medical certificate giving

the reason for and dates of the absence is required to justify an illness-related absence; (b) written excuses consistent with the University regulations and properly documented are required to justify any other motive for an absence.

For the sake of fairness, there is no exception to the stated grade-absence policy.

The instructor may add or subtract quiz points to individual students according to their class participation and the following criteria:

(a) Often during the semester, the instructor will ask questions about the material being discussed in class. The instructor will reward with extra points in the next quiz those students who answer correctly these questions. The number of extra quiz points offered as a reward will be announced at the time the questions are formulated. Not every question will lead to score-point rewards.

(b) The instructor will deduct up to 30 (out of 100) points in the next quiz to students who show complete lack of interest for the material being discussed in class. Examples of such behavior include (but are not limited to) sleeping in class, reading newspapers or books, communicating by cell phone, listening music, working on materials for other classes, and showing disrespect to others by talking loudly to classmates.

The minimum and maximum quiz scores are 0 and 100, respectively. The following criteria will be used to convert grade point values to letter grades (this applies to the weekly quizzes as well as to the course final grade):

Grade	Lower bound	Upper bound
A	95	100
A-	91	94.99
B+	86	90.99
B	81	85.99
B-	76	80.99
C+	71	75.99
C	65	70.99
C-	60	64.99
D	55	59.99
F	0	54.99

Please address to the class TA's any question related to grades. They will contact me whenever they cannot resolve your issues.

2) Discussions on Quiz Questions, Grading Criteria, and the Course

If you have comments and/or complaints about the quiz questions, the grading criteria, or any other aspect of this course, please address your concerns to me in writing and I will be happy to discuss them personally with you.

3) Attendance Policy

Attendance is not required, but the instructor may present material that is not in the textbook and that the students will be expected to know for the quizzes. Even when attendance is not required, the instructor may conduct several attendance polls during the semester that will be used for statistics purposes. Contact any of your classmates if you miss a class and you are interested in knowing the material discussed during that class.

4) Academic Dishonesty

Students who engage in academic dishonesty at solving the class quizzes will receive as a minimum punishment a grade of zero on the corresponding quiz. More severe punishment may be taken depending on the circumstances.

5) Classroom Policies and Conduct

The instructor has the responsibility to ensure that the classroom is a good place to learn. In observance of this responsibility, neither disruptive nor disrespectful behavior will be tolerated in this class. The instructor will ask students misbehaving in class to leave the classroom.

Additionally, you are asked to observe the following policies:

- If you come late or have to leave early, please seat down near the upper entrance door. Bear in mind that coming to class late or leaving early disrupts your colleagues and the instructor.
- You are expected to spend the entire period in class, so please attend to rest room and other needs before class.

6) Cell Phones, Beepers, and Laptop Computers

Please, turn off or set to "vibrate" mode your cell phone and/or beeper before each lecture starts. Communication by cellular phones or pagers during the lectures is not permitted. Likewise, laptop computers should be off during the lectures. If you want to use in class the slides available at the textbook's website, please bring printouts of these slides.

Schedule of Topics and Readings

Week	Dates	Chapters	Topics
1	Jan, 14, 16, & 18	1, 2	Four principles of individual choice (scarcity, opportunity cost, marginal decisions, and economic incentives); five principles of people interaction (gains from trade, market equilibrium, efficiency and welfare, markets and efficiency, government intervention). Models in economics, the PPF.
2	Jan, 23 & 25	2, 3	Models in Economics, comparative advantage and circular-flow diagram. Positive and normative economics. Graph in economics. The demand curve, its position and movements along the curve.
3	Jan, 28, 30, & Feb 1	3	The supply curve, its position and movements along the curve. Market equilibrium. Demand and supply analysis.
4	Feb 4, 6, & 8	4	Price ceilings and price floors: motive and efficiency costs. Quantity controls. Excise taxes and the cost of taxation.
5	Feb, 11, 13, & 15	5	Price elasticity of demand: definition and measurement. Price elasticity and total revenue from sales. Determinants of price elasticity of demand. Income and cross-price elasticity of demand. Price elasticity of supply and its determinants. The incidence of an excise tax.
6	Feb, 18, 20, & 22	6	Consumer surplus and the demand curve. Producer surplus and the supply curve. Gains from trade and surpluses. The efficiency cost of a tax.
7	Feb, 25, 27, & 29	7, 8	Opportunity costs. Marginal decisions. Present value. The production function. Cost curves.
8	Mar, 3, 5, & 7	8, 9	Short- and long-run costs. Economies of scale. Perfect competition. Production and profits.
9	Mar, 10, 12, & 14	9	Short- and long-run production decisions. Industry supply curves in the short and long run.
10	Mar, 24, 26, & 28	10, 11	Consumer analysis. Utility and consumption. Diminishing marginal utility. Consumer budget and optimal consumption. Marginal utility per dollar. Utility and demand curve. Indifference curves. Prices, Income, and Demand.
11	Mar, 26, 28, & 30	14, 16	Market structure: the monopoly. Monopoly: causes and profit maximization. Monopoly versus perfect competition. Monopoly and public policy. Price discrimination. Intro to monopolistic competition. Monopolistic competition in the short and long run.
12	Mar 31, Apr 2, & 4	16, 19	Monopolistic competition and efficiency. Externalities: marginal versus social benefits and costs. Private solutions to externalities. The case of pollution: analysis and public policies.
13	Apr, 7, 9, & 11	20	Public versus private goods. Cost benefit analysis and the optimal provision of public goods. Common resources and artificially scarce goods
14	Apr, 14, 16, & 18	17	Comparative advantage and international trade. Gains from trade. Supply, demand, and international trade. Trade protection and the effect on the surpluses.
15	Apr, 21, 23, & 25	12, 13	Factor markets and the distribution of income. Efficiency and equity.
	May 9 (tentative)		Quiz 15 (2245 Coover, 7:30 AM – 9:30 AM)