

Economics 101
Principles of Microeconomics
Spring 2012

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Office: 6454 Social Science
Office hours: Monday 3:00-5:00pm, or by appointment

Course overview

This course is an introduction to the fundamental principles and analytical tools of microeconomics. The course will cover essential topics such as demand and supply; taxes and subsidies; market structure and competition; externalities and public goods; and moral hazard and adverse selection. One objective of the course is to teach foundational concepts to prepare economics majors for subsequent courses in microeconomic theory. However, majors and non-majors alike will learn how these basic concepts of economic analysis can be usefully applied to real-world problems of current policy relevance.

There are no prerequisites for the course, although an understanding of basic mathematical reasoning (including graphs and elementary algebra) will be presumed.

Required resources

- *Microeconomics (2nd edition)*, by Krugman & Wells
- A subscription to Aplia, for completing homeworks
- An *iClicker*, for use in lectures

Lectures

Lectures will be held Tuesdays and Thursdays from 9:30-10:45am (Section 2) or 11:00am-12:15pm (Section 1). To get the most out of the lectures, students should read the assigned chapters from the textbook in advance. The course will proceed at a fast pace, so it will be important to keep up with the readings.

Attending lectures is not mandatory, but it is strongly recommended. As explained below, a small part of your grade will be based on your class participation (via the iClicker), and the vast majority of exam questions will be based on material that we discuss in class.

To encourage student engagement, we will be using iClickers regularly. Students will be asked to respond to roughly 3-5 questions per lecture. Some questions will be simple polls to motivate a topic; others will be quizzes to check understanding of the concepts being taught. As an incentive to pay attention and respond with your best answer, grade points will sometimes be awarded for getting the correct answer.

Discussion sections

Attendance at discussion sections is highly recommended. The teaching assistants will review concepts and work problems to reinforce the ideas introduced in that week's lectures. These sections, along with the teaching assistants' office hours, will be your best opportunity to ask questions and get help with assignments.

Grading

Your final grade in the course will be based on exam performance, homework, and class participation, with the following weights:

Midterm #1	25%
Midterm #2	25%
Final Exam	35%
Homework	10%
Class participation	5%

Final letter grades will be distributed roughly as follows:

Top 15%	A
Next 18%	AB
Next 20%	B
Next 20%	BC
Next 18%	C
Bottom 9%	D/F

Exams

Exams will be held on the following dates:

Midterm #1	Thursday, February 23	(in class)
Midterm #2	Thursday, March 29	(in class)
Final Exam	Wednesday, May 16	10:05 AM - 12:05 PM

The following policies apply to exams:

- Students arriving late to an exam will not be given extra time to compensate. All exams must be turned in at the designated stopping time.
- **There are no makeup exams.** If you miss an exam with a valid excuse (see below), the weight of your final exam will be increased to take its place. If you miss an exam without a valid excuse, your score for that exam will be zero.

- Aside from extreme illness, few excuses will be considered valid for missing an exam. For example, travel plans (including interviews for jobs or internships) are not valid excuses. If you do have a valid reason to miss an exam, you must notify the professor **before** the exam.

Homework

Homework assignments will be completed using Aplia: <http://www.aplia.com/>. You will need to create a new account (if you don't already have one) and register for the course using the course key XELB-VUNB-836A. An email with detailed instructions for getting started with Aplia will be sent out a few days before the first lecture.

Class participation (iClicker)

You should bring your iClicker to every lecture. These will be used to respond to in-class polls and quizzes. To encourage participation, 5% of your grade will be based on your use of the iClicker. For each lecture, you will get participation points if you submit responses to all of the iClicker questions asked in that lecture, regardless of whether the responses were correct. At least once per class you will be given the opportunity to earn additional points by *correctly* answering quiz questions. One third of your end-of-semester participation score will be based on these graded quiz questions; the other two thirds will be based simply on whether you showed up and used your iClicker when asked.

Academic integrity

I abhor cheating. It is disrespectful and unfair to your peers, and it undermines the integrity of the institution. If you have evidence that your classmates are engaged in academic misconduct, I expect you to notify me or one of the TAs. If I catch anyone cheating, I will impose the harshest penalty allowed by university guidelines.

Additional resources

We will be covering a lot of material in this course, moving at a relatively fast pace. It will be important to keep up with the reading assignments. If you find that you are struggling to understand the lectures or homework problems, you should make use of the resources available to you for help. You can come to my office hours, or meet with the TAs during their office hours to ask questions or work problems. You can get help from your classmates too. This does not mean you should ask classmates to tell you the correct answers on a homework assignment. But it is OK to work together if doing so means helping each other understand and learn.

Another helpful resource is the Business Learning Center (BLC), which offers free study sessions for this course, guided by current Economics PhD students. You can find out more at <http://bus.wisc.edu/bba/academics/academic-support>.

The Economics Student Association also holds weekly tutoring sessions (led by current upper-year undergraduate economics majors). Schedule information is posted at <http://www.esamadison.org/academic-services/tutoring/>.

Tentative course outline

We will probably end up deviating from this schedule, but this is the plan:

Date	Topic	Reading Assignment
Jan 24	Introduction; Basic principles	K&W Chapter 1
Jan 26	Gains from trade	K&W Chapters 2, 8
Jan 31	Demand	K&W Chapter 3
Feb 2	Supply	K&W Chapter 3
Feb 7	Consumer and producer surplus	K&W Chapter 4
Feb 9	Elasticity	K&W Chapter 6
Feb 14	Elasticity (cont'd)	K&W Chapter 6
Feb 16	Price ceilings and floors	K&W Chapter 5
Feb 21	Taxes	K&W Chapter 7
Feb 23	MIDTERM #1	
Feb 28	Consumer decision-making	K&W Chapter 9
Mar 1	Consumer decision-making (cont'd)	K&W Chapter 10
Mar 6	Preferences and choice	K&W Chapter 11
Mar 8	Production functions	K&W Chapter 12
Mar 13	Perfect competition	K&W Chapter 13
Mar 15	Monopoly	K&W Chapter 14
Mar 20	Price discrimination	K&W Chapter 14
Mar 22	Oligopoly	K&W Chapter 15
Mar 27	Review / catch up	
Mar 29	MIDTERM EXAM #2	
April 10	Oligopoly / Game theory	K&W Chapter 15
April 12	Externalities	K&W Chapter 17
April 17	Externalities (cont'd)	K&W Chapter 17
April 19	Public goods	K&W Chapter 18
April 24	Factor markets	K&W Chapter 20
April 26	Asymmetric information	K&W Chapter 21
May 1	Economics of health & health care	(TBA)
May 3	Information goods and network effects	(K&W web chapter)
May 8	Income inequality	(K&W web chapter)
May 10	Review / catch up	
May 16	FINAL EXAM	