

**University of Wisconsin  
Department of Economics  
Economics 101: Principles of Microeconomics  
Fall 2009**

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**COURSE DESCRIPTION**

This course is an introduction to Microeconomic theory and its applications. Microeconomics is the branch of Economics that deals with the behavior of individual decision makers, households (consumers), and firms (producers). There are no prerequisites for Economics 101; this is a course taught at an introductory level. However, we will use graphs, mathematical reasoning, and elementary algebra extensively in class so you may want to review your knowledge in these areas.

**LECTURES, DISCUSSION SESSIONS, & TEACHING FORMAT**

There are three 50-minute lectures per week and one discussion session for all of you to attend. All class meetings are very important for this class. Lectures will concentrate on covering important economic theory well, not always the “textbook’s way”. Your teaching assistant will run discussion sessions that will emphasize and reward group work and thorough understanding of this material. Exam questions will rely heavily on material presented in lectures and discussion sessions. You are also responsible for all material in the relevant chapters of your textbook.

In this course we will apply the *active learning format*. Discussion sessions with your teaching assistant will be *group classes*. You will receive a *Learning Guide* on how to prepare for a *group class* several days in advance. The *Learning Guide* will include the Week, Reading Assignment, Problem Assignment, & Objectives for the upcoming *group class*. This will mostly be material already covered in lectures, and you are responsible for any additional, relevant information presented in lecture that is not in the Reading Assignment. You are expected to read and review the material and class notes, work out the problem assignment and make sure you can complete the stated objectives before you come to that week’s (*group class*) discussion session.

Upon your arrival to the *group class* you will be asked to take an individual 10-minute quiz on this material. When the 10 minutes are up, you turn in your quiz and get together with your group (4-5 students) to discuss and solve all questions a second time. You have 10 minutes to do that, and you turn in one more answer sheet as a group. If questions come up which you cannot answer with certainty within your group, one of you can write them on the board. Your T.A. will use the remainder of that class period to answer these questions.

Given the teaching format applied to this class it is very important that you **ONLY VISIT YOUR SPECIFIC DISCUSSION SESSION** each week and find **YOUR GROUP**. Otherwise you will not receive any credit for individual or group quizzes. A few of you might still be hoping to change a discussion section time. You can only do that during the first week of classes (before any group

class takes place) as long as you find a section with room available that allows you to register for. So, you are always expected to visit the discussion session you registered for.

Lectures alone are typically not the most effective teaching method. Lectures are passive by nature and can generate boredom. Students might retain only a small fraction of the material presented. So, I have chosen the active learning format to give you all a feeling of community and some important benefits of group work. It is really up to individual groups to make the most out of this experience. Group classes will be the most effective and enjoyable when readings and work are completed in advance by all. When prepared, students pay attention to details, ask good questions, and can extend their knowledge in group time and during the remaining TA time. Small-group, student-centered learning in addition to lectures can lead to exceptional educational outcomes.

Preparation for group classes will keep you on your toes with the material throughout the semester, not just before the exams. Group time itself will be very beneficial to all regardless on whether you are the “stronger” student who has to explain a lot, or the “weaker” student in your group who asks most questions. As long as you come to the *group classes* prepared, and willing to help out, you will benefit greatly. Consider meeting with your group members (or other classmates) on a weekly basis outside the class to solve problems, study together and answer each other’s questions. Students who are regular members of study groups in my classes have done significantly better and also have enjoyed the process more.

#### COURSE REQUIREMENTS

1. Problem Sets (10% of grade).
2. Group Quizzes (10% of grade).
3. Individual Quizzes (10% of grade).
4. First Midterm Examination (20% of grade).  
In class, **September 30**. Covers Chapters 1-5.
5. Second Midterm Examination (20% of grade).  
In class, **November 11**. Covers Chapters 6-12.
6. Final Examination (30% of grade).  
**Saturday, December 19, 7:25 pm**. Covers all material

#### Required Text & Problem Set Computer Package:

**Karl E. Case Ray C. Fair, and Sharon Oster**, Principles of Microeconomics, Prentice Hall, **9th edition, 2009**. (Hereafter CFO).

**MyEconLab**, a computer package for problem solving for **Case, Fair, and Oster** Principles of Microeconomics, 9<sup>th</sup> edition.

**Case Fair & Oster** is the textbook for the course. I highly recommend you purchase it since we will cover most of the chapters. You can find copies of this book at the bookstore, along with the student access kit for **MyEconLab**, which we will use for Homework solving, and the **Study guide** that you might find helpful while preparing material. The study guide is recommended but not required material. We will not use in class. Purchase it only if you think it will be useful to you.

The textbook is available in two forms that are identical in terms of material (the student value edition with the three-punched holes and the regular textbook). They differ in price. Please purchase **ONE** of the two.

The textbook along with the study guide are also on **reserve at the College Library (Helen C. White Hall)** for your use. The course outline that follows gives the chapters that correspond to the lectures. You are responsible for this material.

I will assign homeworks throughout the semester through **MyEconLab**. So it is very important that you purchase the student access kit very soon and register so that you don't miss any homeworks. Check instructions on how to register for **MyEconLab** in the special handout.

In addition to the homeworks I will assign through MyEconLab, you can find more problems in your book at the end of each chapter for more practice. Solutions to all of these problems are in your electronic reserves for this class. (Go to My UW, select Academic, and then Econ 101). These are pages from the instructor's manual of our textbook that I have put on reserve for your use. You are strongly encouraged to work out a lot of these problems for extra practice alone and with classmates.

Learning Guides and Practice Quizzes and other class handouts will be posted in the course website: [www.ssc.wisc.edu/~kohansen](http://www.ssc.wisc.edu/~kohansen)

#### GENERAL ADVICE FOR SUCCESS IN THIS CLASS

This is a class that you need to take seriously and work at it if you want to learn a lot and do well. You need to treat it like a Math class and you need to always make sure that you thoroughly understand the material covered. Try to at least skim the relevant material before the lectures and study it well afterwards. Attend all lectures, come awake and alert to all classes, and take good notes. Review and rewrite (if necessary) your class notes after lecture. Can you explain the material (or teach it to a friend) without looking at your notes, book? In the past, students have found it beneficial to summarize readings and material we cover for an easier review when preparing for exams.

Stay caught up with all lecture material so that you can get the most from the weekly discussion sessions with your TA. Attend your discussion session **every week**. Come to that meeting prepared for the quizzes, ready to help out your group and learn from each other. Come with good questions, participate in discussions, be awake and alert there too. See your T.A. during his/her office hours with any questions you might have during the week. You can also e-mail your T.A. or me with specific questions.

Complete all problem sets in time. Give yourself enough time to work them out. Make an effort to work out extra problems from the end of each chapter and double check your answers with the material in your electronic reserves. Work out thoroughly additional problems I will give out before exams for extra practice.

Make a serious effort to meet with classmates outside the classroom on a frequent basis to work out problems and review material. If you ever have to miss a lecture or discussion session, make sure you get the notes and copies of any handouts from these friends, and ask them to help you stay caught up.

## COURSE OUTLINE

### **I. INTRODUCTION TO ECONOMICS (Sept. 2, 4, 9)**

Production Possibility Frontier – Absolute & Comparative Advantage  
CFO, Chapters 1 & 2.

### **II. SUPPLY, DEMAND & THE MARKET EQUILIBRIUM (Sept. 11, 14, 16, 18)**

CFO, Chapters 3 & 4

### **III. ELASTICITY (Sept. 21, 23, 25, 28)**

CFO, Chapter 5.

### **FIRST MIDTERM EXAMINATION (SEPT. 30 - CFO CHAPTERS 1-5)**

#### **IV. CONSUMERS AND FIRMS IN A COMPETITIVE ENVIRONMENT**

##### **1. HOUSEHOLD BEHAVIOR & CONSUMER CHOICE (Oct. 2, 5, 7, 9)**

CFO, Chapter 6 (including Appendix).

##### **2. PRODUCER BEHAVIOR**

PROFIT MAXIMIZATION (Oct. 12, 14)

CFO, Chapter 7.

SHORT-RUN & LONG-RUN COST & OUTPUT DECISIONS (Oct. 16, 19, 21, 23, 26)

CFO, Chapters 8 & 9.

LABOR, LAND & CAPITAL MARKETS (Oct. 28, 30, Nov. 2)

CFO, Chapter 10.

##### **3. GENERAL EQUILIBRIUM & PERFECT COMPETITION (Nov. 4, 6, 9)**

CFO, Chapter 12.

### **SECOND MIDTERM EXAMINATION (NOVEMBER 11 - CFO CHAPTERS 6 - 12)**

#### **V. PROBLEMS WITH MARKETS**

##### **1. ALTERNATIVE MARKET STRUCTURES**

MONOPOLY & MARKET POWER (Nov. 13, 16, 18)

CFO, Chapter 13

OLIGOPOLY & GAME THEORY (Nov. 20, 23, 25)

CFO, Chapter 14.

MONOPOLISTIC COMPETITION (Nov. 30)

CFO, Chapter 15

##### **2. EXTERNALITIES - PUBLIC GOODS & TAXES (Dec. 2, 4, 7, 9)**

CFO, Chapter 16

##### **3. ASSYMETRIC INFORMATION: ADVERSE SELECTION & MORAL HAZARD**

(Dec. 11, 14)

CFO, Chapter 17