

Microeconomic Analysis

Economics Department

ECO 61 (002)

Fall 2015

Lecture:	Humanities Hall 117 2:00 – 3:20 pm on Monday and Wednesday
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<i>Course Instructor:</i>	Veronika Dolar, Ph.D.	<i>Office Hours:</i>	Monday 4:00 – 5:00 pm Wednesday: 4:00 – 5:00 pm
<i>Office Location:</i>	Hoxie Hall 202		Or by appointment (common hour)
<i>Office Phone:</i>	516 299 2370		
<i>E-mail:</i>	Veronika.Dolar@liu.edu		
<i>Class Website:</i>	http://myweb.cwpost.liu.edu/vdolar/ http://aplia.com		

E-mail is usually the best way to reach me. I will respond to e-mails the same day, provided that they are sent before 6 pm. In your e-mails **ALWAYS** include information about which class you are taking with me.



Course Credits

This is a 3-credit course. The New York State Education Department (NYSED) requires that for each credit hour there shall be at least 15 hours (of 50 minutes each) of instructions and at least 30 hours of supplementary assignments. Therefore, a 3-credit course shall meet for a minimum of 45 contact hours (lectures), each hour being 50 minutes for a total of 2,250 minutes and require at least 90 hours of supplementary assignments and readings outside of the lecture.

Supplementary assignments:

Readings = 30 hours per semester or approximately 2 hours per week

Assignments (graded and practice) = 60 hours per semester or approximately 4 hours per week

Prerequisites

Introduction to Microeconomics, ECO 10.

Course Description

This course covers the theory of cost, demand, price, market structures and factor payments with special emphasis on firm economics.

Economics is the social science that deals with the allocation of limited resources to satisfy unlimited human wants. Broadly speaking, economics is composed of two branches: microeconomics and macroeconomics. Microeconomics studies the economic behavior of individual economic decision-makers, such as consumers, workers, firms, or managers. It also analyses the interaction and behavior of groups of these individuals, such as households, industries, markets, labor unions, and trade associations. This framework is absolutely fundamental to understanding an enormous range of phenomena in business, public policy, social behavior, and a variety of other fields.

Microeconomic analysis relies on a small set of enormously powerful analytical tools: constrained optimization analysis, equilibrium analysis, and comparative statics analysis. This course attempts to help you master these tools by presenting their graphical, algebraic, and logical mechanics, as well as by illustrating their use in many different contexts throughout the course.

Course Objectives

At completion of this course, students will be able to:

- Solve the consumer's utility maximization problem to derive demand
- Solve the firm's cost minimization problem to derive input demands and compute the cost function
- Use the cost function to solve the perfectly competitive firm's profit maximization problem and derive supply
- Evaluate the impacts of changes in exogenous variables on the optimal behavior of consumers and firms and the resulting impacts on utility and profits
- Use equilibrium analysis to understand the links between individual behavior and market-level outcomes in competitive markets
- Assess and quantify the impacts of public policies on competitive markets

Required Textbook

- ✓ *What Every Economics Student Needs to Know and Doesn't Get in the Usual Principles Text*, by John Komlos. It can be purchased in the LIU Post Bookstore or online.
- ✓ *Principles of Microeconomics, 7e* by N. Gregory Mankiw is the required text for this course. It can be purchased in the LIU Post Bookstore or online.

In addition, you need to purchase the access code for Aplia. Aplia is the software and website that you will use in order to work on and submit your homework assignments. Aplia also includes a study guide and access to the electronic version of your textbook. That means that you do not actually need to purchase a hard copy of your book if you are comfortable with reading the book on your computer or printing it out yourself.

Book options:

- Buy Aplia with e-book in the LIU Post bookstore (\$123).
- Buy a bundle: Physical book (loose leaf) plus Aplia with e-book in the LIU Post bookstore (\$156).
- Buy directly from Aplia. More information will be provided.

I strongly urge you to review the textbook chapter *before* the lecture on a given subject. As you read, focus on the major concepts and issues; if anything is unclear, make it a point to ask for clarification in class. This familiarity with material will make our lectures much more productive and educational for you.

Additional Readings

- ✓ Greg Mankiw's Blog: Random Observations for Students of Economics. To access the blog please visit: <http://gregmankiw.blogspot.com/>
- ✓ New York Times - Remember that you have access to free NYT newspapers here on campus so take full advantage of this service!

Thanks to NYTimes.com Academic Passes, you have full access to the extensive, news, multimedia and archives of the New York Times without needing your own subscription.

To claim your first pass:

- ✓ Visit nytimes.com/passes
- ✓ Click on REGISTER
- ✓ Create a **free** NYTimes.com account **using your school e-mail address**.
- ✓ Check your e-mail and click on the link in the NYTimes confirmation e-mail. You're done!

To claim subsequent passes:

- ✓ Visit nytimes.com/passes
- ✓ If you logged out of NYTimes.com, log in using your school e-mail address

Hint: Bookmark nytimes.com/passes. If you don't log out of your NYTimes.com account, you just click on the bookmark to claim a new pass.

To download the free NYTimes smartphone apps visit nytimes.com/mobile.

None of the material presented in the magazine will be tested, but I encourage you to open up discussions in class about articles that you find particularly interesting and relevant to the topics covered.



Class Website and E-mail

All assignments and handouts are posted on the Aplia. There will also be a list of current announcements. In addition, on this site you can also find lecture handouts and all other information relevant to this course.

You should check your e-mail regularly!!! I will use e-mail to send out various announcements regarding assignments, exams, class lectures, etc. If you are not checking LIU e-mail regularly, make sure that you set up mail forwarding to whatever account you are using.

Grading

Your final grade will be based on:

Komlos Quizzes	8%
Analytical and Critical Thinking Assignment	12%
Homework Assignments	30 %
Midterm Exam 1	15 %
Midterm Exam 2	15%
Cumulative Final Exam	20 %

If you disagree with the grading of an assignment or exam you may submit it for my review. I will expect you to have a *written argument* for why you should be awarded more points. Also, please submit these disputes within one week of having been returned the assignment or test.

Grading Scale

92% - 100%	A
90% - 91%	A-
88% - 89%	B+
82% - 87%	B
80% - 81%	B-
78% - 79%	C+
72% - 77%	C
70% - 71%	C-
60% - 69%	D
0% - 59%	F

I reserve the right to lower these percentage cutoffs (i.e. I *might* make it easier to get a grade but I will *not* make it harder).

Assignments

- There will be approximately 14 weekly assignments that must be submitted electronically by using Aplia.
- Absolutely no late assignments will be accepted.
- You are allowed to skip (or drop the lowest score of) 2 assignments without any penalty.

Komlos Quizzes

- You will be given an excess to a different online site, where you will take quizzes based on each chapter from Komlos' book. More information about this will be provided in class.

Exams

- Exams will be in class during.
- Questions will be similar in format to those on homework assignments and quizzes.
- No cooperation is allowed during the tests, and any attempts of dishonesty will be punished with as much severity as the University permits.
- There will be no make-up exams for either midterm, except for absences due to university-sponsored events, in which case written documentation of the event must be provided *prior* to the exam.

Exercises

It is often easy to catch the intuition behind economic theory, and this sometimes makes students feel that because they can nod their head in class, they will do well on the test. To avoid unpleasant surprises on exam days, there is one simple solution: practice real problems! You must work it through on your own.

To help you know what to practice, you should use the study tools that come with your Aplia subscription.

In addition, I will post exercise problem sets on the class website. These are not mandatory and will not be handed in or graded. However, it **is** in your interest to work through them. Besides helping you master the material, many of these questions will closely resemble those on the exams.

ADA Statement

Americans with Disabilities Act (ADA) is a federal antidiscrimination statute that provides comprehensive civil rights protection for person with disabilities Students with special needs as addressed by the ADA who need assistance should contact The Learning Support Center, located in the lower level of Post Hall (516-299-3164) immediately. Please meet with me early in the semester if you require accommodations. I will make reasonable efforts to accommodate your special needs.

For more information, please visit The Learning Support Center at <http://www.liu.edu/CWPost/StudentLife/Services/LSC.aspx>

The Learning Support Center provides a full range of support services, educational strategies, and opportunities to help student achieve their personal, academic and vocational goals.

Schedule

This is a tentative schedule. I will give you as much advance notice as possible concerning any changes. A detailed schedule for all the homework assignment and readings will be provided and updated regularly in Aplia.

Legend:

Mankiw - *Principles of Microeconomics, 7e* by N. Gregory Mankiw textbook

Komlos - *What Every Economics Student Needs to Know and Doesn't Get in the Usual Principles Text*, by John Komlos.

Date:	Book Readings
Wednesday, September 9	Syllabus and introduction, Mankiw Ch 1 (Review)
Monday, September 14	Mankiw Ch 2 (Review), Komlos Ch 1
Wednesday, September 16	Mankiw Ch 4 (Review)
Monday, September 21	Mankiw Ch 4 (Review), Komlos Ch 2
Wednesday, September 23	Mankiw Ch 21
Monday, September 28	Mankiw Ch 21, Komlos Ch 3
Wednesday, September 30	Mankiw Ch 21
Monday, October 5	Mankiw Ch 21
Wednesday, October 7	Mankiw Ch 5 (Review), Komlos Ch 4
Monday, October 12	Columbus Day - No classes ☺
Tuesday, October 13	Tuesday classes suspended, Monday classes meet Mankiw Ch 6 (Review)
Wednesday, October 14	Mankiw Ch 7 (Review), Komlos Ch 5
Monday, October 19	Midterm Exam (Mankiw Chs, 2, 4, 21, 5, 6, 7)
Wednesday, October 21	Mankiw Ch 13 (Review), Komlos Ch 6
Monday, October 26	Mankiw Ch 14 (Review)
Wednesday, October 28	Mankiw Ch 14 (Review), Komlos Ch 7
Monday, November 2	Mankiw Ch 15
Wednesday, November 4	Mankiw Ch 15
Monday, November 9	Midterm Exam (Mankiw Ch 13 – 15)
Wednesday, November 11	Mankiw Ch 16
Monday, November 16	Mankiw Ch 16
Wednesday, November 18	Mankiw Ch 17
Monday, November 23	Mankiw Ch 17
Wednesday, November 25	Thanksgiving Break – No classes ☺
Monday, November 30	Mankiw Ch 18
Wednesday, December 2	Mankiw Ch 18, Komlos Ch 9
Monday, December 7	Mankiw Ch 18
Wednesday, December 9	Mankiw Ch 19, Last Class ☺
Monday, December 14	Study/Snow days/Alternate class days
December 16-22	Final Examinations Cumulative Final Exam

Tips on How to Study for this Class

- Before class:
 - At least pre-skim related readings and review lecture notes from previous class
 - look at problems in the study guide and at the end of each chapter
 - make note of new terms, concepts, measures, models, graphs, and theories
 - formulate questions
 - print out the Power Point slides (lecture handouts available on Aplia)
- During class:
 - Do ask questions
 - Do participate in the discussion
 - Don't sleep ☺
 - Don't talk to other students when I am lecturing
 - Don't read other material
 - Don't work on your crossword puzzles, soduku, HWs, etc.
- After class:
 - Review and edit your notes
 - Actively re-read the chapter
- What does it mean to actively read?
 - Use paper and pen (preferably pencil with eraser, graphing paper and a ruler).
 - Write out all of the examples in your book!!!
 - Redo the examples that I did in class.
 - Look at some questions at the end of the book and try to work them out.
 - Go to your study guide online and solve problems.



How to access your Aplia course

Microeconomic Analysis at 11

Instructor: Veronika Dolar

Start Date: 09/01/2015

What is Aplia?

In just 10 years, more than one billion answers have been submitted through Aplia, the premier online assignment solution. Millions of students use Aplia to better prepare for class and for their exams. Join them today!

Registration

1. Connect to <http://login.cengagebrain.com/course/45S8-A8SC-X7WS>
2. Follow the prompts to register for your Aplia course.

Payment

After registering for your course, you will need to pay for access using one of the options below:

Online: You can pay online using a credit or debit card, or PayPal.

Bookstore: You may be able to purchase access to Aplia at your bookstore. Check with the bookstore to find out what they offer for your course.

Free Trial: You can access Aplia until 11:59 PM on 09/21/2015 during your free trial. After the free trial ends you will be required to pay for access.

Please note: At the end of the free trial period, your course access will be suspended until your payment has been made. All your scores and course activity will be saved and will be available to you after you pay for access.

If you already registered an access code or bought Aplia online, the course key to register for this course is: **45S8-A8SC-X7WS**

System Check

To check whether your computer meets the requirements for using Aplia, go to <http://www.aplia.com/support/config.jsp>