

The University of Texas-Pan American
Department of Economics and Finance
College of Business Administration

Principles of Economics II (ECON 2302.02)

Fall 1998

T-Th 9:10-10:35am, BUSA 110

Dr. José A. Pagán

Office: Business Administration Bldg. #218C

Office Hours: M 2:00-3:00pm; T-Th 8:10-9:10am

Phone: 381-2828

E-mail: jpagan@panam.edu

Required Materials:

Arnold, Roger A. (1998). *Economics* (4th Edition). Cincinnati, OH: South-Western.

Philosophy and Goals:

The purpose of this course is to introduce you to the main concepts of microeconomics. Microeconomics considers how individuals and firms make decisions about how to use the resources they control and how the interactions of individuals and firms affect the overall allocation of society's resources. The main focus of the course will be on gaining an understanding on how markets work and how microeconomics can be applied to analyze policy issues.

Performance Objectives:

1. To gain a basic understanding of microeconomic theory issues, e.g., how do firms maximize profits? How do consumers maximize their satisfaction?
2. To apply microeconomic concepts to social and economic problems.
3. The student should learn to utilize basic tools of economic analysis.

Computer Integrations:

You will be expected to participate in the Iowa Electronic Markets (IEM) as an active trader. The IEM is a menu-driven, computerized futures market where contract payoffs depend upon real-world events such as political outcomes, company's earnings per share and stock price returns. As a participating institution in the IEM*IDEA Project, UTPA students enrolled in this course will be able to get \$5.00 accounts to trade in the IEM; however, if you are interested in trading larger sums, you can invest up to \$500 in your account. Check the IEM web page for markets' details (<http://www.biz.uiowa.edu/iem>).

Oral and Written Communication Skills Integrations/Global Awareness Integrations/Analytical Thinking Skills:

Your course assignment consists in keeping a journal with at least two weekly entries of your IEM trades. I will review your journal every four weeks and each journal entry should include: the trading date, the total number of contracts traded, and the rationale followed to buy/sell each contract. You are also required to turn in a portfolio valuation for your account every four weeks. We will be holding an IEM tutorial session in a COBA computer lab in a few days.

Performance Measures/Reward System:

Your grade will be determined by four exams and the IEM assignment. You will be able to drop the lowest grade exam (i.e., no make-up tests will be given).

Each exam will be worth 100 points (for a total of 300 points) and the IEM assignment 40 points. The reward system is as follows:

306-340 (A)

272-305 (B)

238-271 (C)
204-237 (D)
0-203 (F)

Course Outline:

The class discussions and lectures will follow the book structure and some selected readings that I will distribute in class. The weekly schedule is as follows:

1. Sept. 1, 3 Scarcity, Choice, Introduction to Economic Analysis (Chp. 1)
2. Sept. 8, 10 Specialization and Trade, Production Possibilities (Chp. 2)
3. Sept. 15, 17 Supply and Demand (Chp. 3)
4. Sept. 22 Markets and Equilibrium (Chp. 3)

Exam 1, Thursday, September 24
5. Sept. 29, Oct. 1 Consumer Theory (Chp. 17)
6. Oct. 6, 8 Elasticity (Chp. 18)
7. Oct. 13, 15 Firm Theory (Chp. 19)
8. Oct. 20 Production and Costs (Chp. 20)

Exam 2, Thursday, October 22
9. Oct. 27, 29 Perfect Competition, Monopoly (Chps. 21 and 22)
10. Nov. 3, 5 Monopolistic Competition and Oligopoly, Antitrust and Regulation (Chps. 23 and 24)
11. Nov. 10, 12 Resource Markets (Chp. 26)
12. Nov. 17, 19 Labor Markets (Chp. 27)
13. Nov. 24 **Exam 3**, Tuesday, November 24
14. Dec. 1, 3 Income Distribution and Poverty (Chp. 28); International Trade (Chp. 32)
15. Dec. 8 Market Failure, Public Choice (Chps. 30 and 31)

Final Exam, Monday, December 14, 12:45-2:30pm

If you have a documented disability which will make it difficult for you to carry out the work as I have outlined and/or if you need special accommodations/assistance due to the disability, please contact the Office of Services for Persons with Disabilities (OSPD), Emilia Ramirez-Schunior Hall Rm. 100, immediately. Appropriate arrangements/accommodations can be arranged.