COURSE INSTRUCTIONS

I. Microeconomics focuses on price theory. It looks at how economists model the behavior of individuals, firms, and society as a whole as constrained optimization problems. The role of social institutions in allocating society's resources provides the context for the course. The primary aims of this course are development of your economic intuition, ability to apply economics, and understanding of the basic analytic/theoretical tools of neoclassical microeconomics.

We will apply microeconomic reasoning to problems from many areas of economics as the method for developing your understanding. Even though parts of the course are technical, many students find the problems challenging and fun.

II. Prerequisite: Economics 101 and 102 or equivalent. Mathematics 161 or equivalent (differential calculus.) is Required I will offer a calculus refresher for those who want it but you will need a calculus background.

III. Course Grade: Course work will receive the following weights in calculating your final grade.

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Problem Set Average</td>
<td>15%</td>
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<tr>
<td>Two Hour Exams</td>
<td>50%</td>
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<tr>
<td>Final Exam</td>
<td>35%</td>
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If your exam average is an F, D, or a C, a high problem set average will not pull you up to the next letter grade. Participation in class counts in borderline cases. Participation means asking and answering questions or making comments in class. Attendance is necessary but not sufficient for participation.

Exams dates: midterms Feb 24, April 12. Final May 20 (Mon) 9am. (DO NOT BUY AN AIR TICKET TO LEAVE EARLY)

IV. Lab. Most weeks we will have a required lab on Monday 2:30-4. Labs will generally be used to provide extensions and additional examples, and work problems.

V. Problems Sets: Several problem sets will be distributed throughout the semester. Each problem set will be due at the beginning of class on the indicated due date.

You may work the problems in small groups (2-3). Since problem sets help prepare you for exams, you will "hurt yourself" if you let others do all the work. It is not acceptable to use past students' problem sets or answer keys. If you are looking at old answers or answer keys, you are cheating and will be taken before the J-Board if caught.

Late problem sets will be penalized 5% for each day late up to 3 days. After 3 days or after the answer key is available or answers are discussed, which ever comes earlier, a missing assignment will receive a score of 30 percent. (5:00 P.M. Friday to 8:00 A.M. Monday counts as 1 day.)

VI. Reading Assignments

A. Required Text. Students should purchase:


Required readings should be read once (perhaps skimmed) before class, and studied carefully afterwards. I suggest that you use the within chapter questions to check yourself. In addition, answers to selected end-of-chapter questions are provided at the back of the book.

B. Course Website

Readings from outside the text will be available on blackboard. In addition, the text book has a nice course website where you can find a study guide, and self-grading quizzes to check your understanding. Go to site below or use the link from blackboard.

[http://bcs.wiley.com/he-bcs/Books?action=index&bcsId=4031&itemId=0470049243](http://bcs.wiley.com/he-bcs/Books?action=index&bcsId=4031&itemId=0470049243)
C. Optional readings (on reserve)

1. Mansfield and Yohe, *Microeconomics* (10th ed.) is a widely used text. I suggest it for those who want to get another author's approach to explaining the material. Also this text includes a number of self-contained Examples illustrating key points. Students may find it helpful to read the Examples. It has good exercises with answers to odd numbered ones in the back.

2. Henderson and Quandt, *Microeconomic Theory: A Mathematical Approach* (3rd ed.) is for those who want a more formal mathematical presentation of the same body of material. References on the reading list are to the 3rd. ed.

VII. Suggestions

1. Ask questions. Others likely have the same questions.

2. Do not fall behind. Try to review each day's notes prior to the next class meeting and write down questions. Ask these questions at the beginning of the next class or in office hours. I encourage questions during lecture, as well. Students who ultimately drop or have problems usually fall behind in the first five weeks. One useful check on your understanding after reviewing your day’s notes is to see if you can explain a graph or mathematical argument starting from a blank sheet of paper.

3. Use the problem set and chapter problems to practice your skills. The material may seem clear and logical, but an exam is not a good place to start practicing. If you are having difficulty, do more of the end of chapter questions and come see me.

4. If your calculus is weak, take time at the beginning to relearn it. Some students try to get by without taking the time to review the calculus and they generally do not do well in the course.

5. If you miss a class, get the notes from a classmate and go through them. You will be responsible for any work assigned during that class. You can come see me for clarifications, but I will not give a private lecture on the material.

VII. Office Hours

My office is 112 Hubbard Hall, phone 725-3593. Email: jfitzger

Office hours: Tuesday and Wednesday 2:30-4
and by appointment. Please try to see me during office hours if possible.
Syllabus

Text: Besanko and Braeutigam, Microeconomics (3rd ed.) (BB)
Optional Texts: Henderson and Quandt, Microeconomic Theory (3rd ed.) (HQ)
Mansfield and Yohe, Microeconomics (10th ed.) (M)

I. Review of Markets and Elasticity

BB, Ch. 1, 2.
Optional:
M, Ch. 2,5
HQ, Ch. 1

II. Consumer Theory

A. Consumer Preferences

BB, Ch. 3
Optional:
M, Ch. 3
HQ, Ch. 2-1, 2-2

B. Consumer Choice

BB Ch. 4.1-4.3 and Appendix
Optional:
M, Ch. 4
HQ, Section 2-3, 2-5

C. Demand Theory and Applications

Income and Substitution Effects  BB section 5.1,5.2
Consumer Surplus  BB sections 5.5
Waldfogel, Joel, "The Deadweight Loss of Christmas," American Economic Review 83(5)
(Dec 1993): 1328-1336.
Market Demand  BB sections 5.4
Intertemporal Choice  BB section 4.3
Labor Supply  BB sections 5.6
Optional:
M, p. 98-120
HQ, Section 3-7

E. Choice Under Uncertainty

BB Ch 15, sections 1-4.
Optional:
M, Ch. 6
HQ, Section 3-8, 3-9

III. Theory of the Firm

A. Production

BB Ch 6
Optional:
M, Ch. 7
HQ, Section 4-1
B. Costs

BB Ch. 7,8
Optional:  
M, Ch. 8  
HQ, Section 4-2, 4-4

IV. Perfect Competition and Supply, with Applications

BB Ch 9, 10  
Optional:  
M, Ch. 9,10  
HQ, Section 4-3

V. Monopoly

BB Ch. 11,12.1-12.4  
Optional:  
M, Ch. 11  
HQ, Section 7-1 to 7-3

VI. Market Structure and Oligopoly

BB Ch 13.1-13.3  
Optional:  
M, Ch. 12  
HQ, Section 8-1 to 8-4

VII. Game Theory

BB Ch. 14  
Optional:  
M, Ch. 13

VIII. General Equilibrium and Welfare

BB, Ch. 16.4  
Optional:  
M, Ch. 16,17  
HQ, Ch. 9, 11

IX. Market Failure: Externalities and Public Goods

A. Externalities and Property Rights

BB section 17.2  
Optional:  
M, Ch. 16, pp. 609-614

B. Public Goods and Public Choice

BB section 17.3  
Optional:  
M, Ch. 16, pp. 615-623