

Economics 3411
Microeconomic Theory
Spring Semester, 2020
Miller Hall 2213
T Th 12:30 – 1:45

Dr. Adrian Austin
1315 Business Building

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Communication:

For email use the CourseDen email utility found on the course toolbar for all course related questions. All email will be answered within 1 business day.

You are expected to log in to CourseDen at least once a day and are responsible for reading any announcements posted there.

My office hours are Tuesday 11:00 AM – 12:30 PM and
 Thursday 11:00 AM – 12:30 PM & 3:30 PM – 6:30 PM
 or by appointment

Course objective:

This course seeks to help you develop the tools necessary to analyze and investigate various economic problems. To do this we will expand the concepts that you learned in Principles of Microeconomics to develop richer, more flexible (and more complex) economic models.

The course is (necessarily) more quantitatively oriented than the introductory class (i.e. more mathematics). Graphs and pictures can provide insight, but the real power of economic analysis comes in calculating quantitative answers to economic problems.

For every economic problem, we shall look initially at the simplest case containing the fundamental issues. Second we will construct a model (using graphical and algebraic tools) that represents the fundamental issues. Then we shall solve the model to see what economic intuition we can derive from it. Finally we will expand the model to make it look more like the "real world." The goal is for the models to provide us with an intuitive explanation (and predictions) of the choices made by economic agents (consumers, producers, governments etc). (LO2.1, LG4, LG6)

Note. A complete list of expected Learning Goals and Objectives can be found at the Richards College of Business web site (http://www.westga.edu/business/undergrad_learning_goals.php).

Texts (Required):

Price Theory and Applications, 9e. Steven E. Landsburg (The 8th edition will work just as well, and costs a whole lot less.)

Alternate Texts (on reserve in my office):

Microeconomics and Behavior. Robert H. Frank.

For the ambitious:

Microeconomic Theory, Basic Principles and Extensions. Walter Nicholson.

Structure:

- I. Introduction and review of "Principles of Economics."
Chapters 1 & 2
- II. Consumer Theory (in which we study how consumers choose to spend their incomes)
Chapters 3 & 4
- III. Producer Theory (in which we study how firms make input and production decisions)
Chapters 5 & 6
- IV. Perfect competition and the gains from trade (in which we study the interactions of consumers and producers under certain "ideal" conditions)
Chapters 7 & 8
- V. Not-so-perfect competition (in which we study the interactions of consumers and producers without the "ideal" conditions)
Chapters 9, 10, 11, 12, 13, & 14
- VI. Further topics in consumer theory
Chapter 17 - Allocating goods over time
Chapter 18 - Risk and Uncertainty

Schedule:

Introduction and Math Review	Chapters 1, 2, and Class Notes
Indifference curves	Chapter 3, Notes on CourseDen
Budget Constraints	Chapter 3, Notes on CourseDen
Examining the consumer's choice	Chapter 3, Notes on CourseDen
Comparative Statics	Chapter 3, Notes on CourseDen
Demand curves and Engel curves	Chapter 4, Notes on CourseDen
Income and substitution effects	Chapter 4, Notes on CourseDen
Applications of consumer theory	

Exam 1

The equimarginal principle	Chapter 5
Production and costs in the short run and long run	Chapter 6
The competitive firm and industry in the short run	Chapter 7
The competitive firm and industry in the long run	Chapter 7
Using the competitive model	Chapter 7
Social Welfare	Chapter 8
Information	Chapter 9

Exam 2

Monopoly power	Chapter 10
Price discrimination	Chapter 10

Between Monopoly and Competition	Chapter 11
Oligopoly and strategy	Chapter 11
Game Theory 1 (simultaneous games)	Chapter 12
Game theory 2 (sequential games)	Chapter 12

Exam 3

Externalities	Chapter 13
Public goods	Chapter 14
Allocating goods over time	Chapter 17&18

Final Exam

Covers Everything

This schedule may change as the class progresses. Any changes will be announced in class and on the class website.

Exams:

There will be three midterms and a final exam. Each exam (including the final) is worth 25%. The lowest score of the three midterms will be dropped. The final exam is cumulative and will not be dropped.

There will be NO makeup exams.

You may bring a sheet of notes to all exams. The sheet of notes must be no larger than $8\frac{1}{2} \times 11$ inches and handwritten.

Classwork:

Homework/quizzes/participation will account for 25% of your grade.

There will be group homework assignments as well as individual assignments.

Each group must have 2 to 4 people. Groups cannot change during the semester.

Late homework assignments will not be accepted.

There is a penalty for not stapling your homework.

The lowest score on homework assignments will be dropped.

There will be NO makeup homework.

There will also be quizzes on CourseDen.

The lowest score on CourseDen quizzes will be dropped.

There will also be unannounced in-class assignments.

The lowest score on in-class assignments will be dropped.

All Homeworks and CourseDen quizzes are equally weighted.

All in-class assignments are equally weighted with half the weight of a homework assignment.

Attendance:

Attendance is not mandatory, but highly recommended. You are old enough to make your own informed decisions (and face the consequences). I will take roll for the attendance bonus calculated at the end of the semester.

<i>Attendance</i>	<i>Outcome</i>
More than five absences	No bonus
Five absences	+1 added to your course grade
Four absences	+2 added to your course grade
Three or fewer absences	+3 added to your course grade

To be counted present, you must be on time and stay for the entire class. There are no excused absences for the bonus.

After class begins, you will not be able to enter. If you leave class during session you will not be able to return.

Grade:

Your course score will be calculated in the following manner:

$$0.25 \times \text{Best Midterm} + 0.25 \times 2^{\text{nd}} \text{Best Midterm} + 0.25 \times \text{Final} + 0.25 \times \text{Classwork} + \text{Bonus Points} - \text{Penalties}$$

Course Score (rounded to the nearest digit)	Course Grade
90 – 100	A
80 – 89	B
70 – 79	C
60 – 69	D
Less than 60	F

To get the most out of this class:

Pre and post read all assigned readings.

Turn in all assignments.

Spend about 5 hours a week studying the material.

Come to class and ask questions.

If you are having difficulty with the material, come to my office hours. PLEASE DON'T WAIT UNTIL YOU ARE COMPLETELY LOST.

Common Language for Course Syllabi

Students should review the following information each semester, because these statements are updated as federal, state, university, and accreditation standards change.

<https://www.westga.edu/UWGSyllabusPolicies/>