

ECONOMICS 300: MICROECONOMICS

Course Synopsis

This course develops the tools of modern microeconomic theory and discusses their application to utility and demand; production functions and cost; pricing of output under perfect competition, monopoly, oligopoly, etc.; pricing of productive services; intertemporal decision-making; the economics of uncertainty; efficiency, equity, general equilibrium; externalities and public goods.

Course Overview

Before turning to economics, we begin by reviewing fundamental mathematical concepts. We then focus on the demand for goods. In Economics 111, we began by simply drawing a downward sloping demand curve and providing a hand-waving argument to justify its shape. In this course, we develop a thorough explanation by first studying how households make consumption decisions and then aggregating those results to the market level. We then turn to the supply side of markets, engaging in a detailed investigation of how firms make production decisions. Next, we combine demand and supply to understand how prices of goods are determined in perfectly and imperfectly competitive markets. The course will give you a closer look at economic notions of efficiency and well-being, and the ever-present tradeoff between efficiency and equity. We will also take time to consider uncertainty and risk, game theory, factors of production, and market failures.

Readings and Resources

Main Text:

Microeconomics: Theory and Applications with Calculus, 4th Edition, by Jeffrey M. Perloff, Pearson, 2016. (The 3rd edition is also okay.)

Supplementary Texts:

Microeconomics, by Austan Goolsbee, Steven Levitt, and Chad Syverson, Worth Publishers, 2012. (GLS)

Intermediate Microeconomics and Its Application, 11th Edition, by Walter Nicholson and Christopher Snyder, South-Western, 2010. (NS)

Moodle: The course site will contain problem sets and other class materials. You should check it regularly for assignments and announcements.

Other Readings: Supplementary readings will be distributed in class or online thru e-reserves.

Library Reserves: Several copies of the main text and supplementary texts are on reserve at Frost Library. These extra resources will likely be useful to you in expanding your knowledge of microeconomics and in completing the problem sets. They provide expositions of much higher quality than what you will find online. Note that if you do consult any outside resources you must cite them fully and appropriately.

General Course Information

Prerequisites: To take this course, you must have received a grade of B or better in Economics 111 or a grade of B- or better in a lower level economics elective (numbered 200-290). You must also have successfully completed Math 111 (Introduction to the Calculus) or equivalent. If you have questions about these prerequisites, see Prof. Reyes.

General Policies: Students are expected to attend class and to arrive on time and prepared. All reading is required and all assignments must be turned in on time. No technology use is allowed in class.

Intellectual Responsibility: You must comply with the College's Statement of Intellectual Responsibility. Violations will result in a grade of F for the course. You are encouraged to discuss the course material with other students while studying, including the problems that are assigned. However, all the work that you submit must be entirely your own. In particular, you must not copy the answers to the problem sets: you must solve the problems and write up your answers on your own. If you do work with other students while studying, you must note that on your problem set. To be perfectly clear: copying someone else's solution or allowing someone to copy yours is cheating and will result in a grade of F for the course and further consequences. Acquiring past solutions or providing them to others is cheating and will result in a grade of F for the course and further consequences. If that is not enough motivation for you, remember that the ultimate answer to a particular problem is unimportant. You must master the logic and methodologies to learn microeconomics, and you can only do that by doing the problem sets yourself. Cheating is not only hazardous and immoral, but ultimately useless.

Assignments and Evaluation

Reading: All reading must be completed before the class in which it will be covered. The text provides opportunities for "active reading" – applications, self-quizzes, solved problems, review questions – and it is strongly recommended that you take advantage of these. Pull out a piece of paper and do the "solved problems" as you read. I also recommend quizzing yourself by trying to explain any figures, tables, or major results to yourself or a study partner. Note that the presentation of material in class will not always match the text, so it is important to keep up with both.

Problem Sets: There will be one problem set each week, usually due at the start of Thursday's class. Problem sets will be handed out and/or posted online at least one week ahead of time. You should turn in all of the problem sets to be graded, although the lowest two problem set grades will be dropped. (In other words, you may skip up to two without penalty.) The problems play a vital role in the course: only by grappling with the problems will you be able to master microeconomics. You should devote substantial time to working the problems. Advice on getting the most out of doing problem sets is available on our Moodle page and in the [Economics Student Handbook](#).

Exams and Quizzes: There will be two midterm exams, several quizzes, and a final exam. Midterms will probably be around 2/15 and 3/8 (subject to change). Quizzes will take place in class and will be announced 1 or 2 classes ahead. The final exam will be scheduled during exam period. If you must miss an exam, you must contact Prof. Reyes as far ahead of the exam as possible with a valid excuse, including a medical letter or other documentation as appropriate. Note that there are few valid excuses; athletic events and job interviews are not valid excuses.

Grades: For the course grade, assigned work will count as follows: problem sets 10%, quizzes 20%, midterms 20% each, final exam 30%.

Class, Office Hours, and Help Sessions

Class Meetings: Class meets Tuesdays and Thursdays from 10:00 to 11:20 in Beneski 107. Arrive on time and prepared.

Office Hours: Prof. Reyes holds office hours Mondays from 11:30 to 12:30 and Wednesdays from 1:00 to 2:30. These will usually be in Converse 304A, though if the group gets large we may relocate to Converse 306 (The Nicholson Commons). Working through problems together is a terrific way to develop your understanding for micro.

Help Sessions: Several economics majors will be working as a team of Teaching Assistants and Graders for this course. Jennifer Krems (and occasionally Konso Mbakire) will hold help sessions Monday and Wednesday evenings from 7:30 to 9:00 in Converse 207. The TAs can help you understand the material by working through problems similar to those on the problem sets and exams. (NB: They will *not* do your problem sets for you, nor will they tell you exactly how to do them. They will help you learn how to do them, which is much more useful!)

Q-Center: The Moss Quantitative Center offers tutoring and drop-in help hours, both in general and for this course in particular. Consult their web page (https://www.amherst.edu/academiclife/support/moss_quantitative_center) for current information.

MICROECONOMICS COURSE SCHEDULE

<i>Topic Area</i>	<i>Wk</i>	<i>Lect</i>	<i>Date</i>	<i>Topic</i>	<i>Text Chap</i>	<i>Supp Reading</i>	<i>PS</i>
<i>Introduction</i>	1	1.1	T 1/23	Introduction & Mathematical Tools	1	Perloff CalcAppend	
		1.2	Th 1/25	Constrained Maximization	2		1
<i>Consumption</i>	2	1.3	T 1/30	Utility & Choice	3	Decision Fatigue	
			Th 2/1			Taste Test for Hunger	2
	3	1.4	T 2/6	Individual Demand	4	GLS Ch5 Appendix	
		1.5	Th 2/8	Market Demand & Elasticity			3
	4	1.6	T 2/13	Utility, Surplus, & Taxation	5		4
				<i>Midterm 1 (prob Thurs evening 2/15)</i>			

<i>Topic Area</i>	<i>Wk</i>	<i>Lect</i>	<i>Date</i>	<i>Topic</i>	<i>Text Chap</i>	<i>Supp Reading</i>	<i>PS</i>
<i>Production</i>		2.1	Th 2/15	Firms and Production	6		
	5	2.2	T 2/20	Costs	7		
		2.3	Th 2/22	Profit Maximization & Supply	8	Hospital Input Choices	5
	6	2.4	T 2/27	Perfect Competition	9		
			Th 3/1				6
<i>Uncertainty</i>	7	2.5	T 3/6	Uncertainty	16		7
			Th 3/8	<i>Midterm 2 (prob Thurs in class 3/8)</i>			

Spring Break (no class 3/13 or 3/15)

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General Equilibrium	9	3.1	T 3/20	General Equilibrium	10	DWL of Christmas	
			Th 3/22				8
Welfare	10	3.2	T 3/27	Efficiency and Equity		Obama on Obamacare	
			Th 3/29				9
Market Power	11	3.3	T 4/3	Monopoly and Monopsony	11	Dafny Health Insur Comp	
		3.4	Th 4/5	Game Theory	13	Economist War Games	10
	12	3.5	T 4/10	Oligopoly & Monopolistic Competition	14		

<i>Topic Area</i>	<i>Wk</i>	<i>Lect</i>	<i>Date</i>	<i>Topic</i>	<i>Text Chap</i>	<i>Supp Reading</i>	<i>PS</i>
Factor Markets		4.1	Th 4/12	Factor Markets	15	Women and Competition	11
	13	4.2	T 4/17	Labor Supply			
		4.3	Th 4/19	Capital Markets			12
Special Topics	14	4.4	T 4/24	Externalities and Public Goods	17		
Conclusion			Th 4/26	Wrap-up			
				<i>Final Exam (during exam period)</i>			