Economic Theory: Microeconomics

Spring 2013

Instructor Information

Name: Marta Podemska-Mikluch, PhD

Office: Campbell Hall 103

Office Phone: (608) 363-2722

Email: podemskam@beloit.edu

Office Hours: Fridays 1pm – 3pm and by appointment

Course Information

Code: Econ 211

Location: Science Center 202

Hours: Tuesdays and Thursdays 10:00-11:50

Prerequisites: Econ 199

Microeconomics, just like economics in general, is first and foremost a way of thinking. The subject of inquiry is the interaction among individuals who seek to complete their diverse and often conflicting plans in a world of scarce resources. The major course objective is for students to develop the ability to critically analyze complex social phenomena. Throughout the semester students will be presented with an overview of the modern market economy as a system generated by scarcity, and will engage in a close examination of the operation and decision-making of economic units. By the end of the semester students will be expected to demonstrate a strong understanding of microeconomic theory and have the ability to apply its concepts to the analysis of real life phenomena.

Required Textbooks

Introduction to Mathematical Economics by Edward Dowling

Microeconomics: Theory & Applications by Edgar K. Browning and Mark A. Zupan

Suggested Textbook

The Applied Theory of Price by Deirdre N. McCloskey

Available for free on-line: http://www.deirdremccloskey.com/docs/price.pdf

Grading Policy

There is no pre-set grade distribution for this class. Note, however, that Section IX of the Beloit College Academic Policy Manual (APM) clearly discusses the definitions of specific grades. According to the APM:

Grade	is awarded for credit earned in a manner that demonstrates:
A	Unusual ability and distinctive achievement.
B	Articulate, above-average performance.
C	Satisfactory performance.

I note this language for two reasons. First, I wish to highlight that a C is not a failing grade. It is, by definition, satisfactory performance and grades of C should be viewed in that light. Several of you might find yourselves in the C range. This grade merely reflects that while your work is satisfactory, there remains room for improvement. Second, it is important to note that A's are awarded for exceptional performance.

You will have multiple opportunities to demonstrate your learning progress. Your final grade will constitute of the following:

Item	Occurrences and Points	Total Points
Math Quiz	1 x 15 points	15 points
On-line Quizzes	10 x 1 point	10 points
Tests	4 x 15 points	60 points
Book Review	1 x 15 points	15 points
		Total: 100 points

Grade scale:

		B+	87 - 89	C+	77 - 79	D+	67-69
A	94+	B	84 - 86	C	74-76	D	60-66
A-	90-93	B-	80 - 83	C-	70-73	F	0-59

Math Quiz

The first two weeks of the semester will be spent on mathematical review. Mastery of basic calculus concepts is rudimentary to the understanding of price theory. I will provide you with a detailed review and practice opportunities but if you find yourself struggling with the material, I suggest dropping the course and taking it only after a longer mathematical preparation.

On-line Quizzes

Every week you will be asked to complete a multiple-choice quiz on Moodle. The quizzes are a form of a review; they are relatively straightforward and meant to keep you on schedule and help you study systematically. The quizzes are set in an adaptive mode: you will have multiple attempts at each question. However, keep in mind, that there will be a small penalty for each mistake.

Each quiz is due on Sunday evening, specifically at 11:55 pm.

It is easy to forget about the quizzes, so remember to set-up multiple reminders. I am unable to extend the quiz deadline for individual students so please note that <u>there will be no make-up quizzes</u>. Nevertheless, I will drop your lowest score. So if you missed one of the quizzes, you do not need to email me asking what to do. I will just consider the missed quiz to be your lowest score and I will ignore it in calculating your final grade.

Tests

There will be four tests, each worth fifteen points towards your final grade. Each test will contain a combination of mathematical problems and short essay questions. Before each test, I will provide you with a study guide containing a set of practice problems. If you master the study guide problems, you will have no problem solving the problems on the test.

Dates of each test are listed in the schedule of class events. If you find yourself in need of rescheduling, keep in mind the following constrains:

- Should you have a time conflict, you need to speak with me at least a week ahead of time so that we can arrange an alternative time for you to take the test.

- Should you be unable to attend the test due to sickness, you need to send me an email at least two hours before the test in which you provide an alternative time at which

you would like to take the exam.

- Should you miss the test without notifying me ahead of time, there will be no make-up opportunity and you will receive a score of zero.

You will be allowed an entire class period of 50 minutes to complete each test.

Book Review

To see how economics can be used and misused, you will be required to read one of the following books and write an approximately 1000-word summary and critique. You will first submit a draft version of your review to which I will respond with comments that should put you on the right track for your final version. It is essential that you demonstrate your mastery of the economic way of thinking in the review. Your grade will be determined by your ability to analyze the material from the economic perspective as well as by the quality of your writing, including spelling, grammar, and style. Late submissions will be penalized by a twenty percent grade decrease for each day of lateness. I expect all students to strictly follow the academic honesty policy, which can be consulted online. Every case of academic dishonesty will result in a score of zero points and will be reported to dean of students.

1. Baumol, William J. 2012. *The Cost Disease: Why Computers Get Cheaper and Health Care Doesn't*. Yale University Press.

2. Boettke, Peter J. 2012. *Living Economics: Yesterday, Today, and Tomorrow*. Independent Institute.

3. Goodman, John C. 2012. *Priceless: Curing the Healthcare Crisis*. 1st ed. Independent Institute.

4. Higgs, Robert. 2012. *Delusions of Power: New Explorations of the State, War, and Economy*. Independent Institute.

5. Lopez, Edward, and Wayne Leighton. 2012. *Madmen, Intellectuals, and Academic Scribblers: The Economic Engine of Political Change*. Stanford Economics and Finance.

6. McKinley, Vern. 2012. *Financing Failure: A Century of Bailouts*. Independent Institute.

7. Storr, Virgil. 2012. *Understanding the Culture of Markets*. Routledge.

Scheduled Lectures and Events

Week	Date	Topic	Important Event	Readings[1,2]
1	01/15	An Introduction to Microeconomics		
	01/17	Mathematical Review The Use of Graphs and Equations in Economics		Dowling ch.1 Dowling ch.2
2	01/22	The Derivative and the Rules of Differentiation		Dowling ch.3
	01/24	Uses of the Derivative in Economics		Dowling ch.4
3	01/29	Calculus of Multivariable Functions		Dowling ch.5
	01/31	Supply and Demand (not on Math Quiz)		Browning ch.2
4	02/05	Elasticity	Math Quiz	
	02/07	The Theory of Consumer Choice		Browning ch.3
5	02/12	Individual and Market Demand		Browning ch.4
	02/14	Using Consumer Choice Theory		Browning ch.5
6	02/19	Exchange, Efficiency, and Prices		Browning ch.6
	02/21	Production (not on test 1)		Browning ch.7
7	02/26	*No Lecture*	Test 1	
	02/28	Cost of Production		Browning ch.8
8	03/05	*No Class: Mid-Term Break*		
	03/07	*No Class: Mid-Term Break*		
9	03/12	Competitive Model	Submit Draft Review	Browning ch.9
	03/14	Competitive Model in Use		Browning ch.10
10	03/19	Introduction to Monopoly	Test 2	
	03/21	Monopoly and Product Pricing with Monopoly Power		Browning ch.11-12
11	03/26	Monopolistic Competition and Oligopoly		Browning ch.13
	03/28	Using Noncompetitive Market Models		Browning ch.15
12	04/02	Introduction to Market for Inputs	Test 3	
	04/04	Employment and Pricing of Inputs		Browning ch.16
13	04/09	Wages, Rent, Interest and Profit		Browning ch.17
	04/11	*No Class: Student Symposium*		
14	04/16	*No Class: Conference Travel*		
	04/18	Input Market Analysis	Submit Book Review	Browning ch.18
15	04/23	The Role of Information		on Moodle
	04/25	Market Failure vs. Government Failure		on Moodle
16	04/30	---	Test 4	

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[1] Occasionally, I will provide additional reading materials on Moodle.
[2] All assigned material should be read ahead of class.

Disability Statement

If you have a disability and need accommodations, contact the Learning Enrichment and Disability Services Office located on 2nd floor Pearsons (north side) or call x: 2572 or email learning@beloit.edu. For accommodations in my class you must bring me an Accommodation Verification Letter from the Director of that office which will indicate appropriate accommodations. Contact that office promptly; accommodations are not retroactive.

Tutoring

Free peer tutoring is available for most classes. To access a tutor, apply at the Learning Enrichment and Disability Services Office located on 2nd floor Pearsons (north side) during their office hours (8 am - 4:30 p.m., Monday - Friday).

Teaching Assistant

Chulyoung Kim is the teaching assistant for this course and he will be available to answer your questions on weekly basis.