

# Economic Theory: Microeconomics

Spring 2014

## Course Information

Code: Econ 211 01

Location: Science Center 302

Time: Mondays, Wednesdays, and Fridays from 8:45 a.m. to 9:50 a.m.

Prerequisites: Econ 199 and sophomore standing

## Instructor Information

Name: Marta Podemska-Mikluch, PhD

Office: Campbell Hall 103

Office Phone: (608) 363-2722

Email: [podemskam@beloit.edu](mailto:podemskam@beloit.edu) (preferred)

Office Hours: Wednesdays from 1 p.m. to 3 p.m. and by appointment

## Course Description and Objectives

Microeconomics, also known as price theory, is the study of how households and firms allocate scarce resources to competing ends. The focus of the course is the role of relative prices in the decision-making of consumers, the operations of firms, the structure of markets, and the choices of resource suppliers and employers. Students will learn to use economic models and optimization techniques to analyze a variety of decision-making processes, including consumer utility optimization and producer profit maximization in the contexts of perfect competition, monopolistic competition, oligopoly, and monopoly. Students will also learn to apply price theory to the analysis of airline regulation, taxicab licensing, racial and gender discrimination, subprime mortgage crisis, impact of liability caps on Gulf oil disaster, etc. By the end of the semester students will be expected to have mastered the basic tenets of microeconomic theory and to be able to apply them correctly to empirical problems.

## Required Textbooks

*Introduction to Mathematical Economics* by Edward Dowling

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

## Suggested Textbooks

*The Applied Theory of Price* by Deirdre N. McCloskey

Available for zero price on-line: <http://www.deirdremccloskey.com/docs/price.pdf>

*Price Theory: An Intermediate Text* by David D. Friedman

Also on-line: [http://www.daviddfriedman.com/Academic/Price\\_Theory/PThy\\_ToC.html](http://www.daviddfriedman.com/Academic/Price_Theory/PThy_ToC.html)

## Other Useful Supplies

Binder

Quad Paper Notebook

Hole puncher

Ruler

Colorful Line Markers

Basic Calculator

## Grading Policy

Your final grade will be based on your performance in five categories:

- |                        |                    |
|------------------------|--------------------|
| 1. Class Participation | 10 points          |
| 2. Math Quiz           | 10 points          |
| 3. Tests               | 5 x 12 = 60 points |
| 4. On-line Quizzes     | 10 points          |
| 5. Op-Ed               | 10 points          |
|                        | <b>100 points</b>  |

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 only for exceptional performance.

## 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

## Class Participation

Class participation is a vital element of the learning process. It will yield greatest results if based on solid preparation. I expect you to study systematically and to remain engaged throughout each class. Your participation grades will be assigned based on a variety of activities: *reading discussions, in-class writing assignment, group work, classroom games, board problem solving, etc.*

Keep in mind that not every class will provide opportunities for participation, some will constitute purely of lectures. However, if you miss a class in which participation was graded, there will be no make-up opportunities. Instead, at the end of the semester I will drop your lowest participation score. The specific grading criteria are listed in the table below.

4 points	A+ (110 percent)	<ul style="list-style-type: none"><li>• Demonstrates excellent preparation: has analyzed material exceptionally well</li><li>• Contributes in a very significant way to ongoing discussion: keeps analysis focused, responds thoughtfully to other students' comments, contributes to cooperative argument-building, suggests alternative ways of approaching material and helps class analyze which approaches are appropriate, etc.</li></ul>
3 points	A (100 percent)	<ul style="list-style-type: none"><li>• Demonstrates good preparation: knows reading facts well, has thought through their implications</li><li>• Contributes to discussions in an ongoing way: responds to other students' points, thinks through own points, questions others in a constructive way, offers and supports suggestions</li></ul>
2 points	B (85 percent)	<ul style="list-style-type: none"><li>• Demonstrates adequate preparation: knows basic reading facts, but does not show evidence of trying to interpret or analyze them</li><li>• Offers only straightforward information (e.g., straight from the case or reading), without elaboration or very infrequently (perhaps once a class)</li></ul>
1 points	C (75 percent)	<ul style="list-style-type: none"><li>• Present, not disruptive</li><li>• Tries to respond when called on but offers incomplete answers</li></ul>
0 points	F (0 percent)	<ul style="list-style-type: none"><li>• Absent either physically or mentally</li></ul>

## Math Quiz

We will start the semester with a mathematical review. Mastery of basic calculus 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 basics, I suggest dropping the course and taking it only after a longer mathematical preparation.

## On-line Quizzes

Multiple-choice quizzes, based on the chapters of the Browning and Zupan textbook, are posted on Moodle. Depending on the amount of material covered, each week you will be required to complete one or two quizzes. The quizzes are relatively straightforward, meant to keep you on schedule; help you study systematically.

The quizzes are set in an adaptive mode: you will be allowed multiple attempts at each question but there will be a penalty for each incorrect response.

Each set of quizzes is due on Sunday evening, specifically at 11:55 p.m.

It is easy to forget about the quizzes, so remember to set-up a reminder. Keep in mind that there will be no make-up quizzes. Instead, at the end of the semester I will drop your lowest quiz score.

## Tests

There will be five tests, each worth twelve percent of 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 constraints:

- Should you have a time conflict, you need to speak with me at least a week before the test 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 providing 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 opportunities and you will receive a score of zero

You will be allowed an entire class period to complete each test. You can bring an abacus, slide-rule, or a basic calculator but no graphing calculators are allowed. Cell phones, tablets, and other electronic devices cannot be used in lieu of a calculator.

## Op-Ed

Your task is to write an op-ed applying the economic way of thinking to a public policy issue. Op-ed is a newspaper article that expresses the opinions of a writer who is usually unaffiliated with the newspaper's editorial board. Op-eds give an informed viewpoint on a topic that is of interest to the general public. The topic and opinion in the article are entirely up to you. Please feel free to run your idea by me before you start writing, but don't feel required to do so.

While op-eds are written to express authors' opinion, they also contain information. This information could be facts, statistics, anecdotes, or summaries of academic research. Remember: your goal is to convince! Utilize any information you think will persuade the readers to consider the economic perspective.

If you are not familiar with op-eds a good place to start is the opinion page of your hometown newspaper, Wall Street Journal or the New York Times. Get a flavor of what op-eds are about and if you have trouble identifying a topic or backing up your opinion, please come to see me for assistance.

The best op-eds provide readers with new information or insight on a topic. Telling someone "People who don't recycle are selfish" is not informative and, ultimately not compelling. Telling the reader "Recycling reduces the amount of trash going into local landfills by X tons a year" is informative.

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. You're welcome to first submit a draft version (by April 9th) to which I will respond with comments. You are then free to incorporate my comments in the final version.

After turning in your final draft I encourage you to submit your op-ed for publication somewhere (the Beloit College Roundtable would be an obvious choice. If your op-ed is accepted for publication, you will receive five percentage points of extra credit plus full credit on the assignment. Meeting the market test is what matters!

Length: 550-750 words

**Final version** must be submitted through Moodle by **April 28th** - late submissions will be penalized by a *twenty percent grade decrease for each day of lateness*.

<p>I expect all students to strictly follow the academic honesty policy. Every case of academic dishonesty will result in a score of zero and will be reported to the dean of students.</p>
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## Scheduled Lectures and Events

Week	Date	Topic	Readings <sup>1</sup>
	01/20	Introduction	-
1	01/22	<i>No class – individual review</i>	-
	01/24	Economic Applications of Graphs and Equations	Dowling 2.1-2.2
	01/27	<i>No class – individual review</i>	-
2	01/29	The Derivative and the Rules of Differentiation	Dowling ch.3
	01/31	The Derivative and the Rules of Differentiation	Dowling ch.3
	02/03	Uses of the Derivative in Economics	Dowling ch.4
3	02/05	Calculus of Multivariable Functions	Dowling ch.5
	02/07	<b>Math Quiz</b>	-
	02/10	An Introduction to Microeconomics	Browning ch.1
4	02/12	Supply and Demand	Browning ch.2
	02/14	<i>No class – Econ Day</i>	-
	02/17	How Markets Use Knowledge	Moodle
5	02/19	Elasticity	Browning ch.2
	02/21	Elasticity	Browning ch.2
	02/24	<b>Test 1</b>	-
6	02/26	The Theory of Consumer Choice	Browning ch.3
	02/28	The Theory of Consumer Choice	Browning ch.3
	03/03	Individual and Market Demand	Browning ch.4
7	03/05	Using Consumer Choice Theory	Browning ch.5
	03/07	Using Consumer Choice Theory	Browning ch.5
	03/10	<i>No Class: Midterm Break</i>	
8	03/12	<i>No Class: Midterm Break</i>	
	03/14	<i>No Class: Midterm Break</i>	

<sup>1</sup> Additional readings will be posted on Moodle. All material should be read ahead of class.

	03/17	Exchange, Efficiency, and Prices	Browning ch.6
9	03/19	Exchange, Efficiency, and Prices	Browning ch.6
	03/21	<b>Test 2</b>	
	03/24	Production	Browning ch.7
10	03/26	<i>No class – advising practicum</i>	
	03/28	The Cost of Production	Browning ch.8
	03/31	Competitive Model	Browning ch.9
11	04/02	Competitive Model in Use	Browning ch.10
	04/04	Competitive Model in Use	Browning ch.10
	04/07	<b>Test 3</b>	
12	04/09	Monopolistic Competition and Oligopoly	Browning ch.13
	04/11	Monopolistic Competition and Oligopoly	Browning ch.13
	04/14	Monopoly	Browning ch.11
13	04/16	Product Pricing with Monopoly Power	Browning ch.12
	04/18	Using Noncompetitive Market Models	Browning ch.15
	04/21	<b>Test 4</b>	
14	04/23	Employment and Pricing of Inputs	Browning ch.16
	04/25	Wages, Rent, Interest, and Profit	Browning ch. 17
	04/28	Wages, Rent, Interest, and Profit	Browning ch. 17
15	04/30	Input Market Analysis	Browning ch. 18
	05/02	Input Market Analysis	Browning ch. 18
	05/05	Public Goods and Externalities	Browning ch. 20
16	05/07	Market Failure vs. Government Failure	Moodle
	05/09	<b>Test 5 (7-10pm)</b>	

## 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](mailto:learning@beloit.edu). For accommodations in my class, you must bring me an Accommodation Verification Letter from the Director of that office and then we will discuss how to meet your needs. Contact that office promptly; accommodations are not retroactive.

## Tutoring

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

## Course Assistants

We have three Course Assistants. They are available to help you with on-line quizzes, class preparations, and study guide problems.

**Aries** will be available twice a week:

Time: **Tuesdays** and **Thursdays** between 7 p.m. and 9 p.m.

Location: South Lounge on the first floor of the [Morse Library](#)

**Chulyoung** will be available three times a week:

Time: **Tuesdays** and **Wednesdays** between 9 p.m. and 11 p.m. and

**Sundays** between 2 p.m. to 4 p.m.

Location: Campbell Hall, [Kemper Lab](#)

**Maddie** will be available once a week and by appointment ([carpenterm@beloit.edu](mailto:carpenterm@beloit.edu))

Time: **Sundays** between 7 p.m. to 9 p.m.

Location: South Lounge on the first floor of the [Morse Library](#)