

Introduction to Microeconomics

Econ 103

Instructor

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Office Hours

Tuesday 12:30-1:30
Thursday 1:30-2:30
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Objective

This course serves as an introduction to the fundamental aspects of modern neoclassical microeconomics. By the end of the course, students should be able to work with and apply the models underlying much of microeconomic analysis. Additionally, we will look at some of the objections to the standard economic models and how economic theory must be changed in order to accommodate these objections.

Textbook

The textbook for this course is:

Dolan, Edwin G. *Introduction to Microeconomics, third edition*. Reading, CA: Best Value Publishing.

There are some copies available at Food For Thought Books in Amherst as well as Amazon. The book is \$35 at Food For Thought, and marginally cheaper on Amazon. Additional reading materials will be available on the SPARK website.

Grades

The grade breakdown for the course is as follows:

- 10%: Class Participation including both attendance and participation in inclass activities.
- 20%: 4 Homework Assignments (**Due: 9/25, 10/28, 11/20, 12/11**)
- 20%: Exam 1 (in class)
- 20%: Exam 2 (in class)
- 30%: Final Exam (cumulative)

There is no way to make up material missed in class. If you have a very good excuse (e.g. a UMass sanctioned event, you are on your death bed, etc...), be sure to let me know that you will not be in class prior to the beginning of class. Excused absences will be taken into account when calculating class participation. Each student can have two unexcused absences, each class missed after that will result in a 2% reduction in the class participation grade. This attendance policy is in place for two reasons. First, I have never used this textbook before, thus there may be things that I expect you to know that are not in the book. Second, there will be a handful of in class activities that simply will not work if there are not enough students in class. Homeworks will be posted as PDFs on the course SPARK website. They will be a mix of questions from the book and questions that I made up. You do not need to type your answers to the homeworks, but they do need to be legible.

Outline

9/2 Chapter 1: What is Microeconomics?

1. Who are the major players?
2. What is a theory and a model?
3. What is a market?
4. Spontaneous order in markets
5. Review of the basic tools of economics

9/9 Chapter 2: Supply and Demand

1. The Demand Curve
2. Shifts in the demand curve
3. The Supply Curve
4. Shifts in the supply curve
5. Equilibrium
6. Price ceilings and floors

9/16 Chapter 3: 1. Elasticity

2. Applications of elasticity
3. Assymmetric elasticities

9/23 Chapter 4: Choice, Markets, and Government

1. objectives, constraints, and choices
2. Rationality
3. Bounded Rationality
4. Efficiency and welfare of perfect competition equilibrium
5. Transaction costs and market failure
6. The role of government in markets

9/25 Homework 1 Due

9/30 Review

10/2 Exam 1

10/7 Chapter 5 incl. appendix: Choices by Consumers

1. Utility Maximization
2. Indifference curves
3. Substitution and Income Effects
4. Consumer surplus

10/16 Chapter 7: Global Trade and Trade Policy

1. Comparative advantage
2. Trade and the income distribution

3. Race to the bottom

10/21 Chapter 8: Production and Cost

1. Profits
2. Fixed, Variable, and Sunk costs
3. Production with one variable input
4. Marginal product and marginal costs
5. Short-run cost curves
6. Long-run cost curves
7. Economies of scale
8. **Appendix:** Cost and output with two variable inputs

10/28 Chapter 9: Supply Under Perfect Competition Homework #2 Due

1. Short-run profit maximization
2. Short-run cost minimization
3. The firm's short run supply curve
4. The industry short run supply curve
5. Long-run profit maximization
6. Industry adjustment to changes in demand
7. Efficiency

11/4 Chapter 10: The Theory of Monopoly

1. Types of monopoly
2. Short-run profit maximization
3. Long-run profit maximization
4. Pricing strategies

11/6 Review In Class

11/12 Exam 2

11/13 Chapter 11: Industrial Organization, Monopolistic Competition, and Oligopoly

1. Market structure in the U.S. economy
2. Oligopoly
3. Monopolistic competition

11/20 Chapter 12: Beyond Neoclassical Economics: Institutions and Entrepreneurship Homework #3 Due

1. Firms as Coordinators
2. Simple transactions
3. Complex transactions
4. The firm as a means of economizing on transaction costs

5. Limits of the firm

12/2 Chapter 14: Pricing in Resource Markets

1. Demand for inputs
2. Labor Market supply
3. Competitive equilibrium
4. Marginal productivity and the income distribution
5. Monopsony
6. Human capital theory
7. Efficiency wage theory

12/9 Chapter 17: Labor Markets, Discrimination, and Public Policy

1. Labor unions
2. Discrimination
3. Antidiscrimination policies
4. Income inequality and occupational segregation

12/11 Chapter 18: Income Distribution and Poverty Homework 4 Due

1. Measuring inequality
2. Measuring poverty
3. Persistence of poverty
4. Policies to fight poverty