Principles of Microeconomics
Economics 101-002, Syllabus, Fall 2018

Class Hours: MW 11:30am-12:45pm. Class Room: Anthropology Building 303.

Instructor: Hugo M. Mialon. Office: Rich Memorial Building 317. Office Hours: Mondays and Wednesdays 1:00pm-2:30pm. E-mail: hmialon@emory.edu.

Teaching Assistant 1 (graduate): Kaylyn Sanbower. Office: Rich Memorial Building 310A. Office Hours: Mondays 5:00pm-6:30pm and Thursdays 10:00am-12:00pm. E-mail: kaylyn.renee.sanbower@emory.edu.

Teaching Assistant 3 (undergraduate): Yezi Lyu. Office Hours: By Appointment. E-mail: yezi.lyu@emory.edu.

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Course Description: In this course, we learn the basic concepts and methods of microeconomics—the study of how individuals make decisions and interact in markets, under conditions of perfect and imperfect competition. We also apply these concepts and methods to a range of economic questions and policy issues. One important set of policy issues is whether and how markets may fail and whether, when they fail, government intervention may be needed to correct those failures. Topics covered include demand and supply in competitive markets, market power, game theory, externalities, and asymmetric information.
Course Outline and Readings:

1. Individual Decision Theory. FB, Chapter 1.
   (a) Choice in a World of Scarcity
   (b) Applying the Cost-Benefit Principle
   (c) Important Decision Pitfalls

2. Extension: Choice Under Uncertainty (Extra Handout)
   (a) Contingent Consumption and Expected Utility
   (b) Risk Averse, Risk Neutral, and Risk Loving Individuals
   (c) Applications

   (a) Exchange and Opportunity Cost
   (b) Comparative Advantage and Production Possibilities

   (a) Buyers and Sellers in Markets
   (b) Market Equilibrium
   (c) Predicting Changes in Prices and Quantities

***First Midterm (October 17)***
5. Elasticity. FB, Chapter 4.

(a) Price Elasticity of Demand

(b) Price Elasticity Along a Straight-Line Demand Curve

(c) Elasticity and Total Revenue

6. Demand. FB, Chapter 5.

(a) The Law of Demand

(b) Translating Wants into Demand

(c) Applying the Rational Spending Rule

(d) Individual and Market Demand Curves

(e) Demand and Consumer Surplus

7. Perfectly Competitive Supply. FB, Chapter 6

(a) The Importance of Opportunity Cost in Supply

(b) Individual and Market Supply Curves

(c) Profit-Maximizing Firms in Perfectly Competitive Markets

(d) Applying the Theory of Supply

(e) Supply and Producer Surplus


(a) Profit Maximization for the Monopolist

(b) The Deadweight Loss from Monopoly
(c) Public Policy Toward Monopoly

   (a) Simultaneous-Move Games
       i. Dominant Strategies
       ii. Nash Equilibrium
       iii. Applications

   ***Second Midterm (November 19)***

   (b) Sequential-Move Games
       i. Incredible Threats
       ii. Subgame Perfect Nash Equilibrium
       iii. Applications

10. Asymmetric Information. FB, Chapter 12.
   (a) Adverse Selection and the Lemons Model
   (b) Signaling and the Costly-to-Fake Principle

11. Externalities. FB, Chapters 11. (Time permitting)
   (a) External Costs and Benefits
   (b) The Tragedy of the Commons

   **Course Grading:** Your grade for the course will be based on the following components
   (with the weight of each component indicated in parentheses):
1. Class Participation and Problem-Solving Sessions (10%)

2. First Midterm Exam (25%) [Date: October 17; Time: 11:30am-12:45pm; Place: Anthropology Building 303]

3. Second Midterm Exam (25%) [Date: November 19; Time: 11:30am-12:45pm; Place: Anthropology Building 303]

4. Final Exam (40%) [Date: December 13; Time: 3:00pm-4:30pm; Place: Anthropology Building 303]

**Class participation requirements**: Part of the requirement is that you attend class. In addition, I will regularly reserve time at the end of class for us to solve one or two problems from the book. You must be actively involved in these class problem-solving sessions.

**Assignments**: I will also give homework assignments from the book and additional assignments with answers. These assignments will not be graded but completing them will help you better understand the material, participate in class, and practice for the exams.

**Extra credit opportunity (optional)**. For up to 2 additional points on your final weighted score for the course, you can write a 5 to 6 page (double-spaced) synopsis of the work of the economist Gary Becker based on the lecture that he gave upon receiving the Nobel Prize in economics:


The synopsis must answer the following questions: (1) what are the main issues that Becker addressed in his research, (2) what approach did he use to address them, (3) what
are his main findings, (4) what is the significance of these findings, and (5) what questions did he leave open for future research? If you choose to write the synopsis, it is due on the last day of class (in printed and stapled format).

Exam Policy and Honor Code: There will be no make-up exams. If you miss an exam, your score for that exam is zero. If you arrive late to an exam, you can take the exam in the remaining time, so long as you do not arrive after other examinees have left. The Emory Honor Code (http://college.emory.edu/home/assets/documents/advising/honor_code.pdf) is in effect for all exams. By taking this course, you affirm that it is a violation of the code to cheat on exams, to plagiarize, to give false information to a faculty member, and to undertake any other form of academic misconduct. You agree that the teacher is entitled to move you to another seat during examinations, without explanation.