



AGNES SCOTT COLLEGE
THE WORLD FOR WOMEN

ECO306: Microeconomics – Spring 2011
Section A: MWF – 10:30-11:20, Section B: MWF – 1:00-1:50
Dr. Patricia Higinio Schneider

Course Description: This course covers intermediate microeconomics, which uses economic and mathematical tools to analyze the actions of individuals and households, firms and industries. The course is based on the market system: how markets work, when and why they fail, and what can be done to make them work better. The course also examines a number of public policies and current economic issues.

Learning Outcomes: Economics 306 extends the study of microeconomics begun in Introductory Economics (Economics 101 & 102) both in depth as well as in breadth of topics. At the end of this course, students should be able to apply the tools of modern microeconomic theory to matters of utility and demand; production functions and cost; pricing of output under perfect competition, monopoly, oligopoly, and monopolistic competition; efficiency & equity; intertemporal decision-making; externalities, and public goods.

Course Overview: We start by focusing on the demand for goods. In Economics 101 & 102, we began by simply drawing a downward-sloping demand curve on the chalkboard and providing a simplistic argument to justify its shape. In Economics 306, we develop a more in-depth explanation for the shape of a demand curve by studying how households make consumption decisions and aggregating those results to the market level. We then focus on the supply side of markets, engaging in a detailed investigation of how firms make production decisions. Next, we will 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, game theory and strategic behavior, intertemporal choices, and market failures.

Prerequisites: Econ 101 and Econ 102. A course in calculus is extremely helpful, and students are urged to take calculus concurrently or before this course.

Textbook: The textbook for this course is *Microeconomics*, 5th edition, by Jeffrey M. Perloff (ISBN-13: 978-0-321-55849-7). The book should be available for purchase in the bookstore. Students must buy the book and should buy this edition. Purchasing a copy over the Internet is a risky venture, and not having a copy of the book or having the wrong edition is not an excuse for not having done the problem sets or being prepared for class. Any additional readings will be handed out in class or posted on Moodle in advance of the day they are covered. The class sessions will assume that you have read the related material in advance of class.

There is a companion website for this textbook that features additional resources: http://wps.aw.com/aw_perloff_microecon_5/. This site (from the publisher) has extra resources and self-quizzing to help you prepare for exams. There is also a study guide that you might want to purchase from an Internet bookseller if you want additional practice.

This course has a website at <http://courses2.agnesscott.edu/>. Students should register for the course within the first week using the enrollment key **perloff2011**. Problem sets, additional readings and updates will be posted there.

Course Requirements & Grading Policies:

Your performance in this course will be evaluated on the basis of 10 problem sets, 3 midterm exams, and a comprehensive final exam. Weights are determined as follows:

- Two out of three midterms exams 40% (20% each)
- Comprehensive final exam 30%
- 10 Problem Sets 30% (3% each)

Due dates for the problem sets and exams dates are shown below. I will drop the lowest midterm exam grade for students who take all 3 midterms.

Grading Scale:

Numerical Grade	Letter Grade
93-100	A
90-92	A-
87-89	B+
83-86	B
80-82	B-
75-79	C+
65-74	C
60-64	C-
57-59	D+
53-56	D
50-52	D-
Below 50	F

Extra Credit: I will offer two extra credit opportunities during the semester. These will have the same weight of a problem set (that is, the equivalent of up to 3 points added to your final grade). Details are posted on moodle.

Problem sets: Students are encouraged to work on the problem sets with classmates. However, simply copying someone else’s answers is in violation of the spirit of the college’s honor code. Each student must turn in her own answer set and indicate on it which student(s) she worked with, if any. I suggest first trying the questions on your own and then working with a classmate or two. Students are encouraged to visit me or the economics tutors for help on the problem sets after making a good faith effort on their own.

Tutors: There is an assigned tutor for this course: Ms. Melissa King (mking@agnesscott.edu). Ms. King will hold regular office hours in the Math & Economics Learning Center, Buttrick G12. Her hours will be posted on <http://math.agnesscott.edu/mathdept/LAschedule.pdf>. The tutor will not do the problem sets for students but will answer specific questions. Students should have already attempted to do the problem sets before meeting with the tutor. The tutor is not responsible for any errors on a student’s problem set answers that she turns in to be graded.

Exams: The exams will be based primarily on the lectures and on the problem sets, not on the textbook. Simply reading the textbook right before an exam in lieu of attending class and doing the problem sets is likely to have very negative consequences for your grade. That said, in my 10+ years of teaching economics I have seen few students who do not intensively study from the book do well.

If you think a mistake was made in grading your exam, please discuss it with me outside of class during office hours or by appointment as soon as possible. Always check that your points were added up correctly. I reserve the right to regrade your entire exam, not just the problem in dispute.

The midterm exams will be administered in class on February 18, March 23 and April 15. The final exam is self-scheduled during the exam period: May 06-11 (May 05 – 10 for seniors).

Calculator policy: Please bring a calculator to class most days and all exam days. You do not need a graphing calculator. Looking at any material stored in memory (such as equations or solved examples) during an exam is a violation of the honor code—you may use your calculator only for calculations on the exam. Students may not use a cell phone as a calculator or clock during exams. Please make sure cell phones are turned off before class and before exams.

Additional help with accommodations: If you require accommodation on exams, please have the Office of Academic Advising let me know as soon as possible. Students requiring extra time must schedule their exams with the Office of Academic Advising.

Lateness and Absences

Lateness: Students should make every possible effort to be on time for class. If a student is late, she should come in quietly and sit in the back. She should wait until the end of class to receive any materials that were returned or given out at the beginning of class. The student is responsible for any missed information. I take attendance at the beginning of each class. Students who arrive after that but within the first half of the class period are considered late. Three late arrivals equals one absence.

Absences: Students are expected to attend all class sessions of their scheduled section. Students should not attend another section of Econ 306. Each student gets 3 “free” absences; after that, the final grade will be lowered by 5 percentage points for each absence. I reserve the right to fail any student who misses more than 6 class sessions regardless of the reason for the absences. There are no “excused absences.” Students are responsible for any information covered in classes they miss.

Late Assignments: Problems sets are to be turned in at the beginning of class on the date that they are due or earlier. There are no excuses for late assignments to receive full credit. The usual penalty for late assignments is that they receive at most half credit. After 3 days late (if I do not receive it by Monday for a problem set due on Friday), no credit will be given. Students who must miss a class when a problem set is due should turn it in early or arrange for another student to turn it in.

Missed Exams: Only under extraordinary circumstances should students miss a scheduled exam. Minor illness is not an excuse. A student should contact me at the earliest opportunity if she must miss an exam. If a student must miss an exam because of an athletic or academic event or a religious holiday, she may take the exam early; under no circumstance may any student take an exam late. A student who misses a midterm exam will have that exam count as the dropped midterm exam grade.

Professor Contact Information

Office: Buttrick G-29A
Office hours: Tuesdays and Wednesdays 2:00-3:30 p.m. and by appointment; if my door is open, please feel free to come in
Email address: pschneider@agnesscott.edu
Phone numbers: work: 404-471-6139
home: 404-549-8445 (please do not call after 9 pm)

Tips and Suggestions:

- ★ Courtesy toward your instructor and your fellow students is expected. This includes not disrupting class by being late, having your cell phone go off or talking to other classmates during lecture. Please do not text message, or eat during class. Having a beverage is fine.
- ★ I advise against using laptops during lecture. You cannot take good lecture notes for microeconomics by typing them. Instead, I suggest that you bring a few colored pencils (for graphs with many different lines) and even a protractor to aid your note taking. One of the most frequent problems of students who are struggling in this course is sloppy lecture notes.
 - ☞ I post handouts on Moodle for material that is more challenging. However, you should not rely on my handouts as a substitute for taking your own notes.
- ★ This is a course that continues to build on itself. Each chapter is important as a foundation for chapters that follow. Stay current with the assigned material and seek help when you need it. If you have a question, ask it as soon as possible. Ask questions in class, in my office, to the tutor, or in the Math and Economics Learning Lab.
- ★ Read the relevant sections of the textbook prior to class, as well as after class. I will not be able to cover all the examples developed in each chapter; it is up to you to be prepared on all the assigned chapter material. I will assume that students know the basic principles of economics taught in the introductory courses (Economics 101 and Economics 102). Make sure that you review the relevant concepts as we move through the course. If you need, refer back to the material from your introductory courses prior to coming to lecture.
 - ☞ If you have had a course in calculus, I highly recommend reading all of the chapter appendices at the end of the book, not just the required ones.
- ★ This is a course of analysis and explanations rather than memorization. In particular, memorization is an extremely ineffective tool for studying economics, and students who memorize material are very prone to confusion and “drawing a blank”

on exams. A much better approach is to press for understanding. And understanding usually comes only through active engagement with the material, both in class and out. The problems in the text, as well as the additional problems available online and in the Study Guide are designed to help you achieve a solid *understanding* of the material.

☞ There are many Microeconomics textbooks that you can use to supplement Perloff. You are welcome to consult books and study guides available at Buttrick–G29 (outside my office). Those books are property of the Economics Department and should not be taken outside the building.

- ★ Please write clearly (or preferably type) your answers and staple the pages of your problem set together. Make sure your graphs are clearly labeled.
- ★ The final exam will emphasize the material in the last section of the course; but as I mentioned above, solving problems later in the course requires mastering material covered earlier in the course. If there is material that many students failed to demonstrate mastery of on a midterm exam, that material is also likely to receive emphasis on the final exam.
- ★ Finally, I cannot stress enough how much I support ASC's honor code and frown on cheating on exams and on plagiarism. Doing so will result in my full pursuit of ASC's honor court process. Students should pledge all of the work for this course.

Teaching Evaluations: Your feedback on the course is extremely valuable to me, the department, and the administration. In particular, I take your comments very seriously and use them to improve the course the next time I teach it. You are responsible for completing an evaluation of the course at the end of the semester. I will provide more details later.

Tentative Schedule (any revisions will be posted on Moodle)

Day	Date	Chapter	Topic
Wed	Jan 19	1	Introduction
Fri	Jan 21	2	Supply & Demand; Calculus diagnostics test
Mon	Jan 24	2	Market Equilibrium; Rules of Differentiation for Single-variable Functions
Wed	Jan 26	3	Supply & Demand Elasticities
Fri	Jan 28	3	Taxes; PS1 due
Mon	Jan 31	4	Preferences, Utility & Indifference Curves
Wed	Feb 02	4, Appendix 4A	The Marginal Rate of Substitution; Cobb-Douglas Utility Function
Fri	Feb 04	4	Budget Constraint; Constrained Optimization; PS2 due
Mon	Feb 07	Appendix 4B	Constrained Optimization using the Lagrangian Multiplier
Wed	Feb 09	5 (pp. 111-118)	Deriving Demand Curves; The Engel Curve; Normal & Inferior Goods
Fri	Feb 11	5 (pp. 118- 127)	Income & Substitution Effects; Giffen Goods; PS3 due
Mon	Feb 14	5 (pp.134-143)	Deriving the labor demand curve, Labor-Leisure Trade-off
Wed	Feb 16		Review for Midterm 1
Fri	Feb 18		Midterm 1
Mon	Feb 21	6; Appendix 6A	Inputs, Time & Production Functions; Short-run: fixed inputs & the law of diminishing marginal returns; Total, Marginal & Average Products
Wed	Feb 23	6	Long-run production: Variable Inputs & Isoquants
Fri	Feb 25	6; Appendix 6B	The marginal rate of technical substitution; returns to scale; the Cobb-Douglas Production Function; PS4 due
Mon	Feb 28	7	Short-run costs
Wed	Mar 02	7	Long-run costs
Fri	Mar 04	7; Appendix 7C	Cost Minimization using the Lagrangian Multiplier; PS5 due
Mon	Mar 07	8	Perfect Competition; First Extra-credit Opportunity due
Wed	Mar 09	8; Appendix 8B	Perfect Competition
Fri	Mar 11	9	Applying the Competitive Model; PS6 due
Mon	Mar 14		<i>No class; Spring Break</i>
Wed	Mar 16		<i>No class; Spring Break</i>
Fri	Mar 18		<i>No class; Spring Break</i>
Mon	Mar 21		Review for Midterm 2
Wed	Mar 23		Midterm 2
Fri	Mar 25	9	Applying the Competitive Model
Mon	Mar 28	10 (pp. 331-340)	Pareto Efficiency, Social Preferences & Voting (Classroom Experiment)
Wed	Mar 30	11	Monopoly
Fri	Apr 01	11	Monopoly; PS7 due
Mon	Apr 04	12	Price Discrimination;
Wed	Apr 06	12 & 13	Price Discrimination; Market Structures; Cartels
Fri	Apr 08	13	Oligopoly (Cournot Model) ; PS8 due
Mon	Apr 11	13	Oligopoly (Stackelberg Model); Monopolistic Competition
Wed	Apr 13		Review for midterm 3
Fri	Apr 15		Midterm 3
Mon	Apr 18	14	The Prisoners' Dilemma (A Classroom Experiment)
Wed	Apr 20	14	Game Theory & Strategy
Fri	Apr 22		<i>No class; Easter Break</i>
Mon	Apr 25	16	Intertemporal Choice; PS9 due
Wed	Apr 27	18	Externalities, Common Resources & Public Goods Second Extra-credit Opportunity due
Fri	Apr 29	18	Externalities, Common Resources & Public Goods
Mon	May 02		Review for the final exam; PS10 due
Final Exam – self-scheduled during the exam period: May 06-11 (May 05 – 10 for seniors)			