

300.700.01 MICROECONOMICS
Fall 2007

Mine Zeynep Senses
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BOB 707¹

Class Schedule

Monday, 10.15-12.15 am (N417)
Wednesday, 6-8 pm (N417) **First 6 weeks only**
Final Exam: 12/10/2007, 9-12 am (N417)

Office Hours

Wednesday: 3-4 pm
Thursday: 9.30-10.30 am
Or by appointment.

Course Description

Microeconomics is our entry-level graduate course intended to start you on your way to thinking like an economist and analyzing economic phenomena on your own. In substance, this course is about the effect of incentives on human behavior and whether these incentives lead to an efficient outcome, meaning all mutually beneficial exchanges have been undertaken. Topics include:

- Consumer choice and demand
- Production and cost
- Firm and market structure
- Market failure

The course is taught at the intermediate level, and uses some differential calculus. Together with Macroeconomics, it constitutes the foundation for all other economics courses at SAIS.

Prerequisite

High school algebra and facility with graphs are required (Reviewing Chapter 2 in *SAIS Math Companion* before September 5th will help). Differential calculus would be helpful but not required, as it will be covered in class.

Readings

The required textbook for this class is:

R. S. Pindyck, D. L. Rubinfeld, *Microeconomics*, 6th ed., Prentice Hall, 2005. (P&R).

I will put this book on reserve in the library. Other required readings and the math text, (*SAIS Math Companion*) will be posted on ERes.

For supplemental non-required reading, I will put an additional book on reserve:

Hal R. Varian, *Intermediate Microeconomics, A Modern Approach*, 5th ed., W. W. Norton & Company, Inc., 1999.

This textbook goes over the same models covered in P&R and it can be helpful if you are looking for alternative explanations.

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Course Requirements

There will be two in-class mid-term exams and a final exam. There is an incentive grading scheme: 25% for exam in which you obtained the lowest grade, 30% for the exam with the higher grade and 35% for the exam with the highest grade.

5% of your grade will be from handing in problem sets/assignments. Late problem sets will NOT be accepted under ANY circumstance. You must hand in the problem sets at the beginning of the lecture on the following dates:

Problem Set 1: September 24th

Problem Set 2: October 3rd

Problem Set 3: October 22nd

Problem Set 4: November 19th

Problem Set 5: December 3rd

The remaining 5% of your grade will be from participation. There are two ways to earn this 5%: First, you can be an active participant in lectures asking relevant questions and contributing to class discussion. Second, you can hand in (at least two) articles from newspapers or magazines related to the topics covered in lecture. You must write a paragraph describing how this article is related to the topics you've learned in this class. Like all your other grades from this class (midterm, final, class participation, and homework), you will be evaluated on a curve (i.e. relative to your peers). Hence, sharing the articles is discouraged (if more than one person hands in the same article they will be graded accordingly) and handing in more than two articles per term is strongly encouraged.

There will be two teaching assistants who will hold weekly tutorials and office hours. Problems that will be solved during tutorials will be posted on my webpage (<http://www.sais-jhu.edu/faculty/senses>). There will be weekly office hours and tutorial (first 3 weeks) for those students who need additional help with math. Microeconomics is built up cumulatively. Do not skip class or textbook readings. It is literally true that each lecture is the foundation for the next lecture. I will post a lot of extra practice questions (with answers) each week that will not be graded. To succeed in this class, I strongly recommend you solve these questions in a timely manner.

Examination Policy:

Make-ups: No make-ups for the midterms or final are scheduled. Students who cannot take an exam for any reason should contact me no later than the second week of classes. Only acceptable reasons for missing a midterm or a final are sickness (you need to provide a note from your doctor documenting that you are unable to take an exam. You should provide me with this note within a week of the exam) and SAIS related travel. If you miss an exam due to any other reason you will receive a zero from that exam. Please check the dates of the exams carefully and do not enroll in this class if you have any conflict.

Requests for Re-grade: An appeal for re-grade of an exam should be typed in detail. To be considered, you need to sign the honor code policy that will be outside my door and hand it to me along with your appeal within one week of announcement of your grade.

Announcements: I will quite often use e-mail to make important class-related announcements. Please make sure you check your JHU e-mail account or have your e-mails forwarded to an account that you check frequently.

E-mail Policy:

I will do my best to respond to e-mails within 24 hours (48 hours during the weekend). I will not respond to inquiries about grades and class-related questions that will take more than 2-3 lines to explain. I will expect you to come to either my office hours or the TA office hours with such questions.

Daily Topic Schedule

W, Sept-5	Lecture 1	Supply and Demand P&R, Chapters 1 and 2 (until 2.4). <i>SAIS Math Companion</i> : Chapter 3
M, Sept-10	Lecture 2	Efficiency and Government Policy P&R, Chapter 9: might be helpful on price ceiling/floor and tax (Skip topics not covered in lecture)
W, Sept-12	Lecture 3	Consumer Choice and Utility Function <i>SAIS Math Companion</i> : Chapter 4 P&R, Chapter 3 (3.1)
M, Sept-17	Lecture 4	Consumer Choice and Utility Function , Individual Demand P&R, Chapter 3 (3.2-3.3, 3.5).
W, Sept-19	Lecture 5	Individual Demand P&R, Chapter 4 (4.1, 4.2).
M, Sept-24	Lecture 6	Market Demand and Elasticity P&R, Chapter 4 (4.3) P&R, Chapter 2 (2.4, 2.5) P&R, Chapter 9: might be helpful on the relationship between elasticity and government intervention (Skip topics not covered in lecture)
W, Sept-26	Lecture 7	Price Changes and Consumer Welfare Michael L. Katz, Harvey S. Rosen, <i>Microeconomics</i> , Chapter 4. (<i>On ERes</i>)
M, Oct-1	Lecture 8	Midterm 1 (On Lectures 1-7)
W, Oct-3	Lecture 9	Production P&R, Chapter 6.
M, Oct-8	Lecture 10	Cost P&R, Chapter 7.
W, Oct-10	Lecture 11	Perfect Competition P&R, Chapters 8.
M, Oct-15	Lecture 12	Monopoly P&R, Chapter 10 (until 10.5). P&R, Chapter 11 (only 11.1, 11.2, 11.4).
M, Oct-22	Lecture 13	Games and Strategy P&R, Chapter 13.

M, Oct-29	Lecture 14	Midterm 2 (On Lectures 9-13)
M, Nov-5	Lecture 15	Oligopoly P&R, Chapter 12.
M, Nov-12	Lecture 16	General Equilibrium and Welfare P&R, Chapter 16.
M, Nov-19	Lecture 17	Markets for Factor Inputs P&R, Chapter 14 (14.1, 14.2).
M, Nov-26	Lecture 18	Externalities and Public Goods P&R, Chapter 18.
M, Dec-3	Lecture 19	Asymmetric Information P&R, Chapter 17.
M, Dec 10	9-12	FINAL EXAM (On Lectures 1-19)