

ECONOMICS 2106 JN
PRINCIPLES OF MICROECONOMICS
Summer 2016
10:40-12:40 MTWR, Howey (Physics) L3

TIBOR BESEDEŠ

Office: 321 Old CE

OFFICE HOURS: Wednesdays 11:30–1:00 and by appointment

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Course Objectives:

This course investigates the foundations of microeconomics. We will study demand and supply and market equilibriums before we proceed to examine decision making on the part of individuals and firms. We will examine how consumers make consumption relevant decisions and derive the demand curve. To derive the supply curve we will study the behavior of firms and how they make production relevant decisions. We will discuss how various market structures operate and how efficient they are. Throughout the semester we will examine the efficiency of market outcomes, the effect of government intervention and how it relates to efficiency, and what happens when the market fails in achieving an efficient outcome.

The main goal of this course is to introduce you to microeconomics and to enable you to critically observe current events and apply what you learn.

Specific Learning Objectives:

Knowledge:

- How markets function – supply and demand, elasticity, interventions in markets
- Consumer behavior – demand
- The firm's problem – production functions, cost and profit making related decisions
- Market structures – perfect competition, monopolistic competition, oligopoly, monopoly
- Sources and analysis of market failure – imperfect competition, asymmetric information, public goods, externalities

Skills:

- Graphical and algebraic analysis
- Problem solving methods as applied to economic problems
- Ability to apply analytical tools to economic concepts and ideas
- Critical thinking and logic

Perspectives:

- Understanding the functioning of markets in a broad context
- Adopt a greater appreciation of firms' and consumers' decision-making
- View optimal decision-making from a marginal perspective

Textbook:

1. Krugman, Paul and Robin Wells, *Microeconomics*, 4th ed., Worth Publishers, with LaunchPad. (*required*)
2. Krugman, Paul, Robin Wells, and Elizabeth Kelly, *Study Guide for Microeconomics*, 4th ed., Worth Publishers. (*optional*)

You can purchase the textbook in any format you want (paper, e-book). However you decide to purchase the textbook, you **must** purchase access to LaunchPad.

Accessing LaunchPad for the course:

<http://www.macmillanhigher.com/launchpad/krugmanwellsmicro4/3518698>

Notes:

LaunchPad: All homework will be assigned and graded on LaunchPad. You can purchase access to it or register an access code by going to the above link.

T-Square: The main medium of communication will be T-Square. All course announcements, grades, exam solutions, and other information will be posted there.

Prerequisites:

None

Grading:

Grades will be based on two exams, a **comprehensive** final exam, and periodically assigned homework. The final exam will be given at the time scheduled by the Institute. If you have a conflict with another final, certain accommodation can be made. Please see me two weeks before the final exam if that is the case. ***There will be no make-up exams under any circumstances.*** An exam that is missed will be considered an F, unless you have been prevented from taking the exam by forces outside of your control. In such cases (illness, car accident, family emergencies, Institute functions) some form of documentation will have to be provided in order for you not to receive an F. Provided an exam is missed for a valid reason, your grade on the final exam will serve as a substitute for the missed exam.

Each homework assignment consists of 20 questions, usually of the multiple choice type. All homework will be announced, assigned and, completed through LaunchPad. It is ***your responsibility to check LaunchPad for new homework assignments*** and to complete them by the due date. You can ask questions about homework in class, during office hours, via email at any point before it is due. Given the brevity and quick pace of the summer session, only the best 14 homework scores will be used in final grade calculation.

Exams consist of multiple choice questions.

There will be no special extra credit or extra work of any kind for the purpose of raising a grade during or after the course. This is to ensure that everybody has equal opportunities to earn their grade and that grades are based on work during the course. There are typically 10% extra credit points on each exam (on an exam worth 100 points, you can receive a maximum of 110).

The final grade is calculated as follows:

Homework	15%
Midterm Exam 1	25%
Midterm Exam 2	25%
Final Exam	35%

Each exam is graded on a curve with a C average. If the average on an exam is better than a C no curve will be applied.

Given that the final exam is cumulative, you will be rewarded if your grade on the final exam improves relative to the two midterm exams. Specifically, you will receive 10% of the relative improvement added to the final grade is calculated. As an example, suppose you received a 70 on the first midterm, a 90 on the second one, and a 90 on the final exam. Furthermore, suppose your homework average is 80. In that case, your final grade would be $80 \cdot 0.15 + 70 \cdot 0.25 + 90 \cdot 0.25 + 90 \cdot 0.35 = 83.5$. Given you received a higher grade on the final relative to the first midterm, the bonus points you would receive would be $(90 - 70) \cdot 0.1 = 2$. These two points would make your final grade 85.5. Note that in this scenario there are no bonus points relative to the second midterm as that grade is the same as the final exam grade. In case your grade on the final exam is lower than either midterm exam grade, **no** points will be deducted. An excel spreadsheet with the formula to calculate your grade will be made available during the semester.

Final grades are determined using the standard scale:

- A – 90-100%
- B – 80-89.99%
- C – 70-79.99%
- D – 60-69.99%
- F – 0-59.99%

Final grades are **not** rounded up. Hence, 89.89 is a B **not** an A.

If you are taking this class pass or fail, a grade of C or higher is a passing grade. If you earn a D or an F, you will be given a failing grade for the course.

Exam dates are as follows:

- Exam 1 – Thursday, May 26
- Exam 2 – Thursday, June 9
- Final Exam – **Saturday, June 18, 2:50 – 5:40**

Attendance:

While attendance will not be graded, I strongly encourage you to attend classes, as performance in the class is usually highly correlated with attendance.

Course Rules:

- It is considered common courtesy to include your name when sending me an email. Especially when your email contains a question.

- Please come to class on time. It is disrespectful and disruptive to me and everyone else if somebody strolls into class late.
- If you need to leave early, please inform me before the class begins.
- If you intend to or have a tendency to sleep, read newspapers, do crossword puzzles, check your email or portfolio, surf the net, or entertain yourself in other ways during lectures, STAY AT HOME. Such behavior is disruptive for everyone.
- Please **turn off** all electronic devices such as **cell phones, pagers, and beeping watches**.
- Laptop use. You are free to use a laptop or tablet pc for the purpose of **note taking only**, not for any other purpose. You should be warned that this class makes intensive use of graphs. If you are unable to quickly reproduce graphs on your computer you may fall behind during the lecture. In such a case, a laptop as a note taking tool is a disadvantage.

Students with disabilities:

Georgia Tech offers accommodations to students with disabilities. If you need a classroom accommodation, please make an appointment with the ADAPTS office (www.adapts.gatech.edu). If you have an accommodation letter from the ADAPTS office and require accommodations, please see me in my office during office hours or by setting up an appointment with me.

Academic Honesty:

Cheating is **unacceptable**. You are hereby reminded that you have pledged to uphold the honor code as follows:

Having read the Georgia Institute of Technology Academic Honor code, I understand and accept my responsibility as a member of the Georgia Tech community to uphold the Honor Code at all times. In addition, I understand my options for reporting honor violations as detailed in the code.

Should you be caught cheating in this class you will be prosecuted according to the honor code and policies and procedures established by the Honor Advisory Council. Should you have any questions about this do not hesitate to contact me.

Collaboration policy:

Homework - Since homework is a learning tool you are allowed and encouraged to work together with other students as long as you write up and turn in your own solutions.

Exams – Exams are given to evaluate your understanding and command of the material. They are an assessment tool. As such they must reflect your own knowledge, and not that of students sitting around you or things written on cheat sheet and other cheating tools. During the exam, mind your own work and do not look in other students' exams. Should you be found guilty of cheating on an exam you will be penalized. Exam is **not** a collaborative effort.

General Information and Disclaimers:

I plan to cover as much as possible during the course of this class. While I will mostly follow the textbook, I may add some material that is not contained in it. In that case, your lecture notes will contain all the relevant information that you will need on exams. If you are having trouble with the material you are strongly encouraged to come see me during office hours. I strongly encourage

you to work on the problems assigned in class as well as others in the textbook and/or study guide. This will not only help you come exam time but also enable you to truly understand the material.

The course outline below is a provisional one and subject to change. The topics included on each exam will depend on how quickly we cover the material. Hence exams can include more or less material than what is stated below. Exam dates may change under extraordinary circumstances only and any changes will be properly communicated to you in class and via announcements on T-Square.

The syllabus is not subject to change.

COURSE OUTLINE AND READING ASSIGNMENTS

May 16 – May 25

First Principles – Ch 1
Economic Models – Ch 2
Supply and Demand – Ch 3
Consumer and Producer Surplus – Ch 4
The Market Strikes Back – Ch 5
Elasticity – Ch 6
Taxes – Ch 7
International Trade – Ch 8

May 26

Exam 1

Homework Due (chapters 1-8)

May 30

Memorial Day – No Class

May 31 – June 8

Making Decisions – Ch 9
The Rational Consumer – Ch 10
Behind the Supply Curve – Ch 11
Perfect Competition – Ch 12
Monopoly – Ch 13

June 9

Exam 2

Homework Due (chapters 9-13)

June 13 – June 16

Oligopoly – Ch 14
Monopolistic Competition and Product Differentiation –
Ch 15
Uncertainty, Risk, and Private Information – Ch 20
Externalities – Ch 16
Public Goods – Ch 17
Factor Markets – Ch 19

June 17

Homework Due (chapters 14-20)

June 18

Final exam @ 2:50pm