

Syllabus: ECON 201-1 – Microeconomics (PRELIMINARY)

Course Description: (E201 \cong old E271)

This course considers resource allocation by the market mechanism. It examines consumer and firm behavior, the price system and market structures, and the composition and distribution of national output. General equilibrium and an introduction to welfare economics are also addressed.

Time & Place: MWF, 11:00-11:50; 107 PAC

Course Website: <http://condor.wesleyan.edu/courses/2001f/econ201/01/>

Email: mlovell@wesleyan.edu

Office Hours: Office hours are an extension of class time – they are free, so take advantage of them. If you are puzzled by concepts or topics discussed in class or in the textbook or need help with a problem set, please come on by.

Room 308 PAC; Mondays, 1:30-2:00; Thursday: 11:00-11:50 and by appointment

Voice: 685-2355 or 347-9849; < 10:30 PM [Note: Email preferred to voicemail, except for scheduling appointments]]

Teaching Apprentice:

Requirements: (Students who had Lovell for E105 should not take this section of E201)

(ECON111 AND ECON112 AND MATH121) OR (ECON111 AND ECON112 AND MATH117)
OR

(ECON111 AND ECON112 AND MATH221) OR (ECON110 AND MATH118) OR ECON105

Students who believe they meet the spirit but not the letter of these prerequisites (e.g. a 5 on the AP calculus exam or introductory courses taken at another campus) should consult with the instructor right away.¹

Tentative Schedule:

- Quizzes on Monday, October 1 and Monday, November 5th.
- Optional review session, 11:00 December 12th, 107 PAC (No new material)
- Final: Time and place specified by the Registrar

Rough Road Map:

1. Introduction and Review:
2. Consumer Behavior: Utility functions, monotonic transformations, Slutsky equation, Giffen goods, homogeneity, consumer surplus, taxes and efficiency, empirical demand studies, decision making under uncertainty.

¹ Students may be exempted from the MATH118 requirement if they: (1) Achieved a score of 4 or 5 on the AB or BC Advanced Placement Examination in Calculus. (2) Scored on the math placement examination given to all entering freshmen at a level that entitles them to place into MATH122; (3) Passed a calculus course at another university that is at least as demanding as MATH118. Students who meet the calculus prerequisite for this course through Advanced Placement standing or by taking a calculus course at another university must submit a Prerequisite Override Form to the Registrar's Office. The form must be signed by the Economics Department chair at the Academic Forum or by the instructor. The form is available at the Registrar's Office. Please note that if you do not match one of the prerequisite listings EXACTLY, then you need a prerequisite override.

3. Theory of the Firm: Production functions, cost functions, Inventory management
4. Market Structure: Competition, cobwebs, speculation, future markets, monopoly, oligopoly, location theory, monopolistic competition, prisoners dilemma, game theory, bargaining.
5. Resource Allocation Over Time: Compound interest; conservation of finite resources (OPEC)
6. Welfare Economics: Externalities, public goods, private property and fishing, pollution, crowding

REQUIRED PURCHASES:

Hal Varian, *Intermediate Microeconomics*, Norton 5th edition. Most of the analysis in the text is presented without the calculus. Many of the chapters have helpful appendices which use the calculus to clarify the analysis. This textbook contains a useful Mathematical Appendix reviewing basic calculus concepts.

- A pad of graph paper.
- You will need a pocket calculator with e^x and y^x keys.

RESERVE MATERIAL: .

- Please advise the department secretaries or your instructor if difficulties are encountered in obtaining reserve materials.
- *Econ 201 BOOKLET*: Old quizzes and other equally interesting. We plan to add some of the better problem set answers to this file during the semester.
- The following are on reserve. Numbers 1 is more elementary than Varian, using α s exclusively. Books 2, 4 and 5 use more calculus than Varian. Numbers 6 and 7 contain useful real world applications of economic theory.
 1. Mansfield, Edwin and Gary Yohe, *Microeconomics*
 2. Binger and Hoffman, *Microeconomics with Calculus*
 3. Nicholson, Walter, *Microeconomic theory : basic principles and extensions*. HB172 .N49 1995 (Old 271 text)
 4. Henderson, James and Quandt, *Microeconomic Theory: A Mathematical Approach*
 5. Hal Varian, *Microeconomic Analysis*
 6. Baumol, William, *Economic Theory and Operations Analysis*
 7. Holt, Charles, Franco Modigliani, John Muth and Herbert Simon (HMMS) *Planning Production, Inventories and Work Force*.

Suggestion: If you find Varian frustrating, either because it is too easy or because it is too tough, try reading comparable chapters in another text. Many students find that reading the same material three or more times in the same text is not the best learning strategy; rather, you may find it better to read the material first in Varian, read an alternative presentation in a second text with which you are comfortable, and then return for a final review in Varian.

PROBLEM SETS:

- There will be about 10 problem sets. As an experiment, they may be submitted either individually or by pairs of students; if you chose to work with a partner, you must both sign the problem set indicating that you and your partner have participated equally in the assignment.
- *Copying in whole or in part the problem sets of other students is a violation of the Honor Code.*

Plagiarism and the Honor Code:

All work handed in must be your own and must have been done for this course only. This distinction is generally clear enough to make in practice; when in doubt, talk it over with your instructor.

This does not mean that you must refrain from discussing topics with other students as an aid to understanding the material or for review, but it does preclude copying other students' work. The Wesleyan Honor Code specifies that you are expected to discourage such behavior on the part of others.

If you receive assistance on an assignment from a fellow student (other than a teaching assistant), you must indicate both the nature of the assistance and the name of your helper on the first page of your assignment.

You should not turn in the same work for both this course and for another course unless the arrangement has been cleared with both instructors in advance. If a term paper or other assignment is related to work that you have submitted or will be submitting in another course (either in the current or prior semesters), you must indicate

WRITING PROJECT: You will use the EconLit electronic data base to locate in the library an article in a professional economics journal on a topic of particular interest to you and prepare a two or three page written report. A memorandum describing this assignment will be distributed shortly. Some fascinating reports from prior years are available at the following URL: <http://mlovell.web.wesleyan.edu/StudentPapers/StudentPapers.html>

MECHANICS:

1. If you neglect to pick up a handout in class, printout a copy from the E201 home page. Or look for a copy in the Econ 201 folder at the front window of the Economics Office on the first floor of the Public Affairs Center; if the supply is exhausted, please ask the department secretary to photo-copy one for you.
2. In order to provide prompt feedback, we plan to return all problem sets to you within three days; samples of completed problem sets may be placed on reserve in the Lovell ECON 201 Booklet. Turn your problem sets in at class time or in the ECON 201 slot in the Economics Alcove, just around the corner to the left of the Economics Office, Room 123 PAC (near the main entrance to the Public Affairs Center).
3. If you do not pick up homework and problem sets when they are returned in class, look for them in the alphabetical slots located in the Economics Alcove.
4. In order to avoid disturbing the class, please try to be seated in the classroom on time. You are expected to attend classes regularly (See *Academic Information and Regulations* on this and related matters) — a grade penalty may be arbitrarily imposed for flagrant violations of these rules. Incompletes will normally not be granted, and in any event equity requires that a grade penalty be imposed on late work.
5. In order to keep you posted on your progress, there will be two quizzes and a final examination. Please use a pen.
6. In order to facilitate the administration of justice, all students enrolled in this course will take quizzes and the final examination as scheduled, except in the case of documented incapacitating illness or serious family emergency.
7. Your final grade will be the maximum grade calculated from several alternative grade production functions, such as:
$$\text{Grade}_1 = 10\% \text{ Quiz\#1} + 15\% \text{ Quiz\#2} + 40\% \text{ Final} + 20\% \text{ Problem sets} + 15\% \text{ Writing Project}$$
$$\text{Grade}_2 = 10\% \text{ Quiz\#1} + 10\% \text{ Quiz\#2} + 45\% \text{ Final} + 25\% \text{ Problem sets} + 10\% \text{ Writing Project}$$
8. Students must establish competency in microeconomics as one of the requirements for the major in economics; this is demonstrated by obtaining a grade of C+ or better in Econ 201 or by makeup examination. If you take the course in the CR/U grading mode, you must earn at least a C- on your course work to receive credit.

I shall be happy to discuss the reasonableness of these arrangements with you during the first week of the semester. If you have a problem with the date of the Quiz or the final, you must let me know at least two days before the end of the shop around period.