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Office hours: M 4–5, W 5:15-6:30
& by appointment

Principles of Microeconomics: 133-001

Text: Parkin, Microeconomics, 8th ed., 2007 (Addison-Wesley). Chapter #s and page #s on the next page refer to Parkin, 8th ed. This text is *optional*; you can get an A without it *provided* you attend lectures and pay attention. Also, the 7th ed. is very similar and much cheaper; the relevant page #s in the 7th ed. are typically 2 behind those in the 8th (e.g., p. 162 in 7th ed. corresponds to p. 164 in 8th).

Blackboard: I will post lecture outlines and handouts on Blackboard before each lecture. Announcements, exercises, and sample exams will also be posted there. *Note:* the lecture outlines posted on Blackboard do not include the graphs: they will be derived in lecture, so be sure to attend!

Grading: This course is reasonably challenging, but my grade distribution follows the economics department's standard guidelines – ignore evil rumors that 110% of the class fails (: The course requirements and their weights in determining your grade are as follows:

<u>Item</u>	<u>Date</u>	<u>Weight</u> (Total = 100)
Mid-Term (ICC 115)	Oct 8 (Wednesday)	25
Final (room TBA)	Dec 12 (Friday, 4-6 pm)	50
Exercises—5	Mondays: Sep 15, 29; Oct 27; Nov 10, 24	25

Note: (a) There will be no make-up mid-term, if you miss it, the points will be transferred to the Final. (b) Exercises must be turned in *at the beginning of lecture* on the indicated dates, otherwise they get no credit. However, only the top 3 scores on the 5 exercises will count. So if you must miss an exercise or two (e.g., due to illness), your grade shouldn't suffer much, provided you catch up on the material – the main value of the exercises is to prepare you for the exams. *Be sure to work through the exercises each week as we cover the material in class—don't leave them to the last moment!*

Recitations: You will each enroll in a recitation section of about 20 students, meeting once a week for 50 minutes – enrollment form is attached. In recitations you will review material from lecture, get help with exercises, and pick up your graded exercises & exams. The recitations are an integral part of the course. They are conducted by teaching assistants, who also will hold office hours. Please come for help during office hours to the TAs and me rather than suffer grimly through the course. (:

Study Strategies: Economics is an analytic subject, so pure memorization won't work. You must understand the concepts and apply them. To do so, you must:

Attend lectures. This is *vital*, as I add material to what's in the book and often present things differently. Also, lectures convey better than a book *how* to analyze a problem (e.g., how a graph is constructed). *The exam questions are based almost entirely on the lectures.*

Review your lecture notes and graphs several times. Make sure you follow every step of the argument. As you read, keep testing yourself, e.g., if the notes discuss a demand increase, ask what happens in the opposite case. You cannot just read passively, but instead have a pencil and paper handy so you can check various steps and reproduce the graphs.

Solve problems. Do the exercises, and any optional problems suggested in lecture or recitation.

Don't fall behind! This is crucial, because later material builds on earlier one. So *please come visit me and the TAs in office hours at the slightest sign of confusion.* Work hard and have fun!

- 0. Review Mathematics & Graphs:** Appendix to Chapter 1 (on your own + in 1st recitation)
NOTE: Approximate # of classes for each topic are shown on the right in parentheses (#)↓
- 1. Scarcity, Choice, Opportunity Cost, Marginal Analysis; Economic Systems** (1)
Chapter 1; Ch. 2—only pp. 33-39, 45-47 (i.e. skip pp. on growth and trade)
- A. Price-Taking Behavior and Efficient Markets** (12)
- 2. Competitive Markets: Demand & Supply, Market Equilibrium** (3)
Ch. 3—all, including Mathematical Note on pp. 78-79; Ch. 4 (Elasticity)—all
- 3. Welfare Measures: Consumer Surplus, Producer Surplus, Total Surplus** (1)
Ch. 5—103-9; Ch. 7—156-7 (Total & Marginal “utility”), 164-5 (diamond-water paradox)
- 4. Applications: (a) Efficiency of Competitive Equilibrium; (b) Gains from Trade** (2)
Ch. 5—110-13
- 5. Government Intervention in Competitive Markets: (a) Taxes & Subsidies; (b) Price Controls & Losses from Non-Price Allocation Schemes** (3)
Ch. 6—132-9 (taxes & subsidies); Ch. 6—123-31 (price controls)
- 6. Firms, Production, and Costs** (1)
Ch. 9; Ch. 10
- 7. Competitive Equilibrium for Firm & Industry: Short Run and Long Run** (2)
Ch. 11
- B. Market Failures & Other Topics** (12)
- 8. Monopoly: Uniform Pricing & Deadweight Loss; Government Policies** (2)
Ch. 12—263-73 (until price discrimination), 277-81; Ch. 14 (Regulation and Antitrust)
- 9. Monopoly: Price Discrimination** (1)
Ch. 12—273-6 (price discrimination)
- 10. Collusion and Free Riding; Introduction to Game Theory** (1.5)
Ch. 13—300-3 and 306-8 (R&D Game, and Game of Chicken)
- 11. Asymmetric Information Problems: Adverse Selection and Moral Hazard** (3.5)
Ch.19—444-7 (Private Information); M. Schwartz, “Notes on Asymmetric Information”
- 12. Externalities and Public Goods** (2)
Ch. 15, Ch. 16—368-75 (Common Resources); Ch. 16—361-67 (Public Goods)
- 13. Discounting and Present Value** (0.5)
Ch. 17—413-6
- 14. Consumer Choice Among Goods: Budget Sets and Indifference Curves** (1)
Ch. 8
- 15. Labor Demand & Labor Supply** (0.5)
Ch. 17—385-94, 406-7 (economic rent); Ch. 8—182-3 (work-leisure choice)