

UNIVERSITY OF GEORGIA
Department of Economics

Spring Semester 2012

Economics 2106H
Principles of Microeconomics (Honors)
(this version: January 13, 2012)

Prof. Greg Trandel

302 Moore — Tu, Th at 2:00 p.m.

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Office Hours: Monday: 10:00 a.m. – 12:00 noon

Wednesday: 11:00 a.m. – 2:00 p.m.

or by appointment if you are not free during the above times

Nature of a Syllabus: Note that any course syllabus is a general plan for a course. It may be necessary to deviate from the plan laid out on these pages. The instructor will describe to the members of the class any such deviation.

Course Description: Economic choices are necessary because resources are scarce. Much of this class analyzes how the people involved in a market system (which consists of independent consumers and producers) make these choices, and thus organize society's economic activities. The class also shows how certain criteria can be used to judge market outcomes — distinguishing functions that markets perform well from those that markets don't do well — and analyzes government's involvement in the economy.

The course both introduces rigorous microeconomic theory and shows how that theory can be applied to certain "real-world" topics. As a result, the classes and readings address both theoretical and policy issues.

Books: *Microeconomics*, 3rd edition, by R. Glenn Hubbard and Anthony Patrick O'Brien. Almost all of this book is assigned, and you should have access to a copy of it. If you know somebody else in the class, you might want to consider sharing one (rather expensive) copy.

Prepared Notes: On some class days, students will be fully responsible for taking class notes. On other days — particularly those covering material that doesn't appear in the textbook — Prof. Trandel will hand out a set of prepared "lecture notes". When this is done, Prof. Trandel will also bring the notes to the following class.

eLC Page: Some class materials, such as this syllabus and homework assignments, will be posted at the class eLearning Commons page. Also posted before each exam will be a set of multiple-choice practice questions and answers. Note that the exams in this class will not be multiple-choice (more information on them is given below). The reason the sample questions will be posted in this form is that they are the same questions that Prof. Trandel uses in his ECON 2106 lecture classes. The eLC system will also be used to distribute exam scores and semester grades.

Outside Readings: All students are responsible for reading a number of short pieces (many taken from various newspapers and magazines) that relate to topics covered in class. Some questions based on these readings may appear on the exams. Before each exam, the relevant readings will be placed on the class eLC page.

Short Writing Assignments: Each student is responsible (over the course of the semester) for some to-be-determined number of *short* writing assignments.

At relevant points during the semester, Prof. Trandel will distribute a recent article taken a newspaper and magazine, and members of the class will have to write a brief essay explaining the microeconomic concepts that play a role in the article.

The point of this assignment is to encourage (require?) students to realize just how many “real-world” events can be understood and analyzed with microeconomic concepts.

While the following should be obvious, here it is anyway. Any submitted essay must reflect the student’s own work. A student should feel free to discuss his or her possible approach with classmates (or others) or with the instructor. The actual writing of the short essay, however, must be entirely the student’s own work.

Difference Between 2106 and 2106H: This class will cover roughly the same list of economics topics that Prof. Trandel covers when he teaches a large lecture section of ECON 2106. There will, obviously, be some differences between 2106 and 2106H. First, the exams in 2106H (see below) will not have multiple-choice questions as do the exams in 2106. Second, the 2106H class will go into some topics in more depth (for instance, 2106H will use more algebra when investigating certain topics). Third, there will be more of the short article analyses noted above. Fourth, the plan is that 2106H will cover some of the basic topics somewhat faster. [The one-day assignments (see below) will help achieve this result.] Doing so will allow us to spend half of some Thursday classes (see below) doing something other than Micro Principles.

Certain Thursdays: Assuming we meet the “faster” goal described above, the hope is that we can devote part of (roughly) four or five Thursday classes — tentatively, the first such class would be on Thursday, Jan. 19th — to considering one or two “current-events” economic policy topics. The specific topics covered will be determined jointly by Prof. Trandel and the members of the class.

Note: while the material covered in these special sessions will not be a *major* focus of the class exams, it is possible that one question on each exam could be based on these sessions.

Exams: There will be three in-class exams and a final exam. All test questions will require written answers. Some of the questions will involve calculating a numeric answer. Others will require a sentence or two of explanation. No questions will require essay-length written answers. Even though the questions are not multiple-choice, most will be “objective” in the sense that they have a single correct answer. Note that the exam questions will not be tests of pure memorization; many will instead require you to apply concepts or solve short problems.

The in-class exams take place on the following Thursdays: February 9th, March 8th, and April 12th. The exam will be the only class activity on those days. These three tests, which are noncomprehensive, cover the class materials (along with the relevant reading assignments and homeworks) presented up to and including the class preceding the exam. Some of that last class will be devoted to reviewing the relevant homework assignment and otherwise preparing for the exam.

Graded exams should be returned the Tuesday following an exam. Part of class that day will be spent reviewing the exam questions.

To give you an idea of the type of test questions used in this class, I’ll hand out some sample questions a week before the first exam. [Also, remember the other sample (web) questions described above.]

The (*comprehensive*) final is (in the regular room) at 3:30 p.m. on Tuesday, May 8th (and, yes, that is the last day of the final-exam period).

No make-up exams will be given. If any circumstances that will prevent you from taking an exam arise, please contact Prof. Trandel as soon as possible. If a student misses an exam without making prior arrangements, a score of zero will be assigned.

Homework: Three homework assignments will be distributed during the semester. An assignment is due at the *beginning* of class on each of the following Thursdays: February 2nd, March 1st, and April 5th. In each case, the homeworks will be collected, recorded, and returned you at the start of the following class. Part of that class (which immediately precedes an exam) will be devoted to discussing the homework questions.

The homeworks are designed both to let you practice with some of the basic tools of economics and to help you prepare for some test questions. Your homework will be graded, and will factor into your semester grade. Note, though, that homework grades primarily depend on whether or not you make a legitimate effort to answer the questions correctly. As far as your grade is concerned, a legitimate effort on the homework is important; answering every question correctly isn’t.

Homework handed in after the beginning of class on the day it is due will *not* be accepted. While late homework will not be accepted, homework can be handed in early (up to 1:55 p.m. on the day the assignment is due) in my office.

Feel free to work together on the homework assignments. However, each of you must write up and submit an independent answer sheet — word-for-word copies will not be accepted.

One-Day Assignments: In addition to the (longer) homeworks, a few shorter assignments will be distributed (and will also be posted on the class web page). These assignments are meant to be completed and returned at the start of the next class. By completing these assignments, students will discover some basic economic ideas on their own. These assignments will count towards the final semester grade, but again effort is most important factor in earning points. Because you'll work through some concepts outside of class, we'll be able to devote more class time to other topics.

Grading: Semester grades will be computed using the following weights: three in-class exams (each worth 50 points), a final exam (worth 100 points), three homeworks, some number of one-day assignments, and class participation (a total of 30 points), and the article-analysis essays (a total of 20 points). There are thus 300 possible points. The grading scale will certainly be no more demanding than a 90–80–70–60 scale, but *may* be somewhat more forgiving depending on the exam results. A small number of grades may include a plus or minus. Only students who end up very near the A/B, B/C, or C/D cutoffs will be affected in this way.

If you have any special problems, such as a potential “incomplete” grade for the semester, you may wish to contact the Office of the Vice President for Student Affairs, at 542-3564.

Academic Honesty: As a University of Georgia student, you have agreed to abide by UGA's academic honesty policy, *A Culture of Honesty*, as the Student Honor Code. All academic work must meet the standards described in *A Culture of Honesty* found at: <http://www.uga.edu/honesty/>).

Lack of knowledge of the academic honesty policy is not a reasonable explanation for a violation. Questions related to course assignments and the academic honesty policy should be directed to the instructor.

Subsidized Lunch: On Friday, January 20th, you all are invited (if your schedule permits) to meet me for lunch at Barberitos (259 E. Clayton St.) at 1:30. Obviously, nobody is required to attend this outing, but if anyone does, it will give us a chance to talk outside of a classroom setting. As a small inducement to attend, I'll contribute \$2 to help pay for the lunch of anybody who shows up.

If any of you would like to attend such a gathering, but can't make the designated meeting because of class or work conflicts, feel free to suggest a time (and place) for a second meeting.

Relationship Between Lectures and Text: In this class, the classes, the reading assignments, and the other activities are designed to complement each other. In order to get the full benefit of this class, therefore, you must attend class, read the textbook, do the homework, read the outside readings, and write the short essays.

The exams in this class reflect the fact that these materials are not perfect substitutes. While many of the test questions will be based on material that is covered both in class and in Hubbard and O'Brien, some questions will be based on class material that is not found in the textbook. On the other hand, some questions (probably no more than one per exam) may cover topics discussed in the text or in the readings, but not in class. I do not record attendance in this class, but this section should make clear that if you fail to attend lecture on a regular basis your performance in (and your grade for) the class will be seriously affected.

The Class and Classroom Behavior: Some of you may be a bit worried about this class. You may have heard that Microeconomics is a hard class, or that the topics in it are abstract or difficult to understand.

Obviously, I feel that there is great value in learning economics and the economic way of thinking. Part of the goal of this class is to help you understand various aspects of the world around you. Throughout the semester, I will try to emphasize how our classroom material explains features of the outside world. If I don't do enough of this, challenge me on it — feel free to ask why any particular topic “matters”.

A microeconomics class requires much more than good memorization skills. To do well in this class, you'll have to *analyze* events. I'll provide examples designed to get you started thinking in this way.

While it sometimes may be difficult to ask questions during class, please feel free to do so. Any instructor needs to know when he or she is not being clear. Please ask questions — you will be performing a service for yourself, for your classmates, and for me.

Partial Class Schedule

For the first five weeks of the class, the following schedule is an attempt to indicate which topics will be covered on which days. After that five-week period, topics are simply listed in the order they will be covered. Once the rate at which the class is covering material becomes more clear, an updated schedule will show the exact topics that will be covered between the first and second exams, etc.

Each in-class exams will be given on the dates given above, and will cover whatever material is actually discussed in class (and, of course, the appropriate homeworks and reading material) between the relevant dates.

Dates	Topic	Assignment
Tu, Jan. 10	Introduction, Opportunity Cost, Gains From Trade	chs. 1, 2
Th, Jan. 12	More Opportunity Cost; Marginal Analysis; Budget Constraints (Opportunities)	pp. 311–312
Tu, Jan. 17	Indifference Curves (Preferences), BCs and ICs Together, Demand (Choice)	pp. 309–323, 64–68, 288–291
Th, Jan. 19	Change in Quantity Demanded, Change in Demand,	pp. 68–74
Tu, Jan. 24	Consumer Surplus, Supply and Demand Analysis	pp. 98–101, 74–95
Th, Jan. 26	Producer Surplus, Market Efficiency	pp. 101–105
Tu, Jan. 31	Restrictions on Markets	pp. 96–97, 102–112
Th, Feb. 2	(start?) Elasticity HMWK #1 due	ch. 6
Tu, Feb. 7	catch up; discuss homework; prepare for exam	
Th, Feb. 9	EXAM I (covering January 10 – February 7)	

Approximate List of Future Topics (with material in Hubbard and O'Brien; for some topics, additional material will be provided):

(finish?) Elasticity (ch. 6); Economic Cost, Firm Production Costs (ch. 10); Behavioral Economics (pp. 291–301); Firm Revenue, Profit Maximization, Profit Measurement (pp. 366–379); Short-Run Firm Behavior, Shut-Down Decision and Supply Curve (pp. 379–382); Competitive Markets in the Long Run, Efficiency (pp. 382–399); Downward-Sloping Firm Demand, Marginal Revenue (pp. 400–404); Profit-Maximizing Price Setting, Monopolistic Competition (pp. 404–429); Monopoly (ch. 14); Pricing Strategy, Price Discrimination (ch. 15); Economics of Information, Adverse Selection, Moral Hazard, Signaling and Screening (ch. 17); Oligopoly, Game Theory, and Nash Equilibrium (pp. 430–436); Prisoners' Dilemma and Chicken Game (pp. 436–459); Externalities and Resulting Inefficiency, Policy Responses to Externalities (pp. 132–147); Public Goods (pp. 148–165); Input Markets and Labor Markets (ch. 16); International Trade and Protectionism (ch. 8); Government Behavior (pp. 580–584).