



ECONOMICS 306-003
Fall 2017
Planetary Hall 127
MW: 3:00-4:15PM

ECON 306: Intermediate Microeconomics

“Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually slaves of some defunct economist.”

John Maynard Keynes

INSTRUCTOR: Caleb S. Fuller

OFFICE: Mason Hall (F.A. Hayek Program Suite)

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OFFICE HOURS: Wednesday: 1:30-2:30pm

Thursday: 3:30-5:00pm

This syllabus is a contract between myself and you. I will work hard to uphold the guidelines outlined here, and expect you to do the same. That said, I reserve the right to make changes if necessary.

REQUIRED TEXTS

Browning, Edgar, and Mark Zupan. 2012. *Microeconomics: Theory and Application*, 11th edition. John Wiley & Sons, Inc.

Sowell, Thomas. 2015. *Basic Economics: A Common Sense Guide to the Economy*, 5th edition. New York: Basic Books.

PREREQUISITES

ECON 103, ECON 104, and MATH 108 or MATH 113. These prerequisites mean that knowledge of microeconomic principles, basic algebra, and elementary calculus will be assumed.

COURSE DESCRIPTION

Alfred Marshall described economics as the “study of mankind in the ordinary business of life.” Since the publication of Marshall’s (1890) *Principles of Economics*, economists have been using the tools of microeconomics—also called “price theory”—to analyze a host of issues, including consumer choice, production, competition, antitrust, trade, and taxation. They’ve even extended their analysis to topics that are not traditionally conceived of as “economic,” such as crime, discrimination, marriage, education, and superstitious behaviors to name just a few examples. This class is mostly about the first set of topics, but it will touch occasionally on the second category as well. Such a breadth of topics suggests that economics is neither a set of questions, nor a set of answers; rather, it’s a systematic way of analyzing individuals and the social order their decisions generate. That systematic way of thinking enables us to explore “mundane” questions (What quantity should the profit-maximizing firm produce? Who bears the burden of a

sales tax?), whimsical questions (Why have grocery carts gotten bigger over time?) and very serious questions (Could increasing the severity of a punishment lead to an *increase* in violent crime?) This course covers tools that will help you to “think like an economist”: supply and demand, consumer theory, producer theory and the theory of the firm; market structure; and the role of government in society.

TENTATIVE SCHEDULE OF TOPICS, ASSIGNMENTS, AND EXAMS

<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>
1/25/17 01/27/17	(1) The Economic Way of Thinking	Alchian: “Property Rights” B&Z: Ch. 1 Sowell: Ch. 1
01/30/17 02/01/17	(1) Supply and Demand (2) The Role of Prices	Hayek: “The Use of Knowledge in Society” B&Z: Ch. 2 (pp. 16-28) Sowell: Ch. 2
02/06/17 02/08/17	(1) Supply and Demand Applications (2) Government Intervention	B&Z: Ch. 2 (pp. 28-44) Ch. 18 (pp. 514-519) Ch. 10 (pp. 281-296) Sowell: Ch. 3,4,11
02/13/17 02/15/17	(1) Consumer Theory: Choice (2) Consumer Theory: Demand (3) Distribute HW # 1	B&Z: Ch. 3 B&Z: Ch. 4
02/20/17 02/22/17	(1) Consumer Theory: Applications (2) HW # 1 Due (02/22/17) (3) Midterm Review	B&Z: Ch. 5
02/27/17 03/01/17	(1) MIDTERM 1 (02/27/17) (2) Theory of the Firm (3) Production: Output	Coase: “The Nature of the Firm” B&Z: Ch. 7
03/06/17 03/08/17	(1) Production: Output (2) Production: Cost	B&Z: Ch. 7 B&Z: Ch. 8
03/13/17 SPRING BREAK 03/15/17	N/A	N/A
03/20/17 03/22/17	(1) Market Structure: Perfect Competition (2) Distribute HW # 2 (03/22/17)	Hayek: “The Meaning of Competition” B&Z: Ch. 9
03/27/17 03/29/17	(1) Market Structure: Monopoly (2) HW # 2 Due (03/29/17) (3) Midterm # 2 Review	B&Z: Ch. 11 Sowell: Ch. 6,7,8
04/03/17	(1) MIDTERM # 2 (04/03/16)	

04/05/17	(2) Price Discrimination	B&Z: Ch. 12 (pp. 349-360)
04/10/17	(1) Oligopoly and Cartel	B&Z: Ch. 13 (pp. 392-401)
04/12/17	(2) Intro to Game Theory	B&Z: Ch. 14 (pp. 405-421)
04/17/17	(1) Game Theory Continued	B&Z: Ch. 15 (pp. 449-453)
04/19/17	(2) Information	Ch. 14 (pp. 421-435)
04/24/17	(1) Public Goods and Externalities	Coase: "The Lighthouse in Economics"
04/26/17	(2) Distribute HW # 3 (04/26/17)	B&Z: Ch. 20 Sowell: Ch. 18,19,20
05/01/17	(1) Lecture topic TBD	TBD
05/03/17	(2) HW # 3 Due (05/03/17)	
	(3) Final Exam Review	
05/15/17	FINAL EXAM: 1:30-4:15pm	

This is a tentative schedule. If it proves to ambitious, I will attempt to say less about each topic, rather than cutting topics entirely.

COURSE REQUIREMENTS, EVALUATION, GRADING

Final grades are based on two (2) midterm exams, three (3) homework sets, and one (1) comprehensive final exam. I will discuss specific requirements for these assignments in class. Exams cover material presented in lecture as well as from the textbook material and will consist of a combination of multiple choice, short answer, and essays.

There is no formal participation grade. However, if you contribute (in my judgment) to the quality of class discussion, you will be "bumped up" by half a letter grade (e.g. from B+ to A-). I value class participation, and this is my way of incentivizing you to produce it.

There will be one (1) extra credit opportunity. To complete the extra credit assignment, you will summarize and critique a microeconomics article found in one of the following journals: *Journal of Political Economy*, the *Journal of Economic Perspectives*, the *Journal of Economic Literature*, or the *Journal of Law and Economics*. Your response to the article should be between 800-1,000 words, should clearly summarize the article, and offer one economic critique of it. This assignment is due 05/05/17, but you may hand it in before that. If performed satisfactorily, it will be worth 2% of your grade.

The final grade is calculated as follows:

- (2) Midterm exams: 40% (20% each)
- (3) Homework sets: 30% (10% each)
- (1) Comprehensive Final: 30%

Grading Scale:

A: 93-100	A-: 90-92	B+:85-89	B: 80-84	B-:75-79	C+:70-74
C: 67-69	C-: 64-66	D: 60-63	F: <60		

There will be no make-up exams. If a you must miss an exam, please discuss it with me prior to the exam. In the event of an emergency, you should email me as soon as possible. If you miss an exam and I have not accepted your excuse, a grade of “0” will be given. If the absence is excused, the weight of that exam will be added to the final exam.

There will be no make-up assignments. Homework assignments may be done in advance of the due date so you should be able to complete work in the event of missing class. All assignments must be hard-copy and are due at the beginning of class. Groups of up **three students** are encouraged to work on an assignment together and hand in a joint submission, but you must list all of your names and will receive the same grade. **One half bonus point will be awarded to groups of two and one full bonus point will be awarded to groups of three.**

IN-CLASS EXPECTATIONS

Electronic devices can be very helpful for taking notes, but they are also an ever-present temptation. You are free to use them in this class (note that many elite law schools have banned them from the classroom!), but please be mindful not to distract those around you. When someone’s activity imposes costs on someone else, economists call it a “negative externality.” Don’t impose negative externalities through your use of technology in the classroom!

ADDITIONAL INFORMATION

Honor Code: The George Mason University Honor Code requires all members of this community to maintain the highest standards of academic honesty and integrity. Cheating, plagiarism, lying, and stealing are all prohibited. All violations of the Honor Code will be reported to the Honor Committee.

Email: I will post lectures to Blackboard *at the end of each week*, but will also send information via email so please check your GMU account regularly.

Disability Resource Center: If you are a student with a disability and you need academic accommodations, please see me and also contact the Disability Resource Center (DRC) at 703-993-2474. All academic accommodations must be arranged through that office.