

## INTERMEDIATE MICRO – ECONOMICS

1. **Texts:** You will receive a customized **electronic textbook – a set of 20 Study Chapters** – sent to your GMU email during the term. So be sure your GMU email address is up to date, and listed with this Econ 306 class.

This customized text directly relates to class lectures and to the actual questions that will be on the midterm and final exams.

There are also two optional (not required) texts for your additional reference:  
*Microeconomics & Behavior* by Robert Frank, and *Experimental Economics* by Holt & Davis

2. **Office hours:** Tuesday, noon - 1 pm, at Carow Hall. Other times by appointment (just ask before or after class). If possible, I will answer questions just after class when that is more convenient for students (avoiding the extra time to meet at my office in Carow Hall). Carow Hall is located outside Campus Drive: off of Shenendoah Drive across from Presidents Park dorms.
3. **Goals & Requirements:** This course will give an introduction to intermediate microeconomic analysis of individuals involved in market trading within a larger exchange economy. After the midterm, we will also give an introduction to experimental markets, using the text by Holt & Davis above. Several problem sets will be given to provide practice and key concepts and feedback on students' understanding. A midterm will be given (during the week just before or just after the spring break). A comprehensive final exam will also be given. I recommend that students have some background in econometrics and/or probability & statistics, because certain topics will use probability concepts more extensively.
4. **Content & Instruction Methods:** Most classes will be a mixture of lecture and discussion. Student comments and questions are encouraged and recommended for everyone's benefit (for more enjoyable and better understood ideas). Students will also participate in a few experimental auction markets conducted during class. The latter will provide a more explicit "hands on" learning experience.
5. **Tests & Evaluation Methods:** Problem sets will be worth 10% of the final grade. To receive the 10%, you must complete all the problem sets, with no more than 2 late. Problem sets are due the next class period after they are passed out. The midterm and final exams are worth 40% and 50% respectively. However, if your final exam score exceeds your midterm score by more than 10%, then the final exam will be weighted 70% of the total grade.

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

6. We will begin by reviewing basic supply/demand concepts with graphs. Then a first example about the effects of price controls is given; followed by the effects of sales taxes and subsidies.
7. **Disability & Honor Code** If you are a student with a disability and you need academic accommodations, contact Disability Services at 703.993.2474 or ods.gmu.edu. Academic accommodations need to be arranged through this office.

Familiarize yourself with the Honor Code, <http://www.gmu.edu/catalog/apolicies/>.

Suspected cases of academic dishonesty including plagiarism will be sent immediately to the Honor Committee.

## TOPIC SCHEDULE

Week(s)	Study Chapter(s)	Topics
1 - 3	1 - 4	Basic supply and demand theory: introduction and review, effects of government price controls Calculating market equilibrium with linear equations, and application to government sales taxes and subsidies.
3 - 5	5 - 7	Optimal consumer theory: preference assumptions and budget constraints, continuity assumption, income and substitution effects Predicting the unusual case of positive price-effects (“Giffen Goods”) experimental testing of Giffen Goods. Problem with applying to government choice (the voter’s paradox)
6	8 - 9	Bayes Rule and Decisions with uncertainty: application to jury decisions.
7	10 - 11	Decisions with uncertainty continued: application to O J Simpson criminal and civil trials.
8	<b>Spring Break</b>	<b>No Classes</b>
9		<b>Review and Midterm [Thursday]</b>
10	12 - 13	More on unemployment rates; 2008 Stock market crash & government regulation
11	14	Introduction to Experimental Markets
11 - 12	14 - 15A	Compare different trading rules or “institutions”, analysis of posted offer versus double auctions, experimental procedures with unit cost and unit value schedules, three experimental principles
12 - 13	15B,C	Observed prices with down to only two sellers, and with only one monopoly seller
13	16	Looser pay winner auction experiments:
14 - 15	17 - 20	APPLICATIONS of looser-pay-winner experiments: Lobbying to influence government laws, war & conquest in history, risky investing & American colonies/rebellion & formation of United States, war on terrorism.