

# ECON 306 – Intermediate Microeconomics

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Mason Korea  
George Mason University  
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## 1 Introduction

Economics studies timeless laws of human action and exchange and how these laws interact with social circumstances and institutions to generate all social phenomena. There is, therefore, an economic aspect to every issue of importance to human beings. This is ultimately a class for those who aspire to understand the world around them using the best tools the social sciences can offer. Among the questions that we will consider are:

1. How and why does Paris get fed? How is it that strangers, acting separately and pursuing their own interests, tend to become coordinated with one another in mutually beneficial patterns as if guided by an invisible hand?
2. What is the role of prices in society? What happens if we allow for the interference of the market processes that determine prices?
3. What is the difference between monopolistic, oligopolistic and perfectly competitive conditions?

I expect that you have already taken ECON 103 and 104 and MATH 108 or 113. More specifically, I expect that you have at relatively strong understanding of the most basic principles of economics so that we can pursue a deeper understanding of those principles and then examine and study more advanced topics and economic tools.

### 1.1 Objectives

This course explores and applies the principles of economics. Continued investigation of the foundations of microeconomics will lead to improvement in your ability to use the “economic way of thinking” to better understand the world.

The basic objectives of this course include: (1) better understanding economics as a social science; (2) examining the role of prices in coordinating production and the allocation of resources; (3) analysis of consumer willingness to pay for goods and services; (4) productive efficiency, costs of production and supply; (5) consumer and producer welfare in a dynamic society; and (6) the effect of market structures in determining outcomes.

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<sup>1</sup>University policy requires that we only use GMU email addresses to communicate; I will only respond to emails sent from GMU email addresses. Please activate your Mason email account, and check it regularly for important university information including messages related to this class.

## 1.2 Guiding Principles

Economics is the study of human action: What are the incentives that lead people to act and what are the constraints that limit their ability to achieve their goals? If you are ever find yourself lost during this course, return to the most basic elements of economic analysis by asking yourself the following questions:

1. Who are we talking about?
2. What do each of these people hope to achieve?
3. What constrains their set of opportunities?

## 1.3 Class Structure & Weekly Schedule

This course will consist of lectures delivered online primarily asynchronously in the form of pre-recorded videos uploaded to Blackboard under the **Course Content** tab. All lecture videos will be uploaded at the designated course time – 9:00 AM KST on Tuesdays and Thursdays. Weekly quizzes will be posted in the same folder as the lecture videos.

I will occasionally host synchronous online sessions at the designated class time to discuss important point and answer questions about the topics we are covering in class. We will also have **Discussion Boards** on Blackboard that offer a supplement to in-class discussions, study groups and independent work; the discussion boards will also provide a forum for you to directly ask me questions and for me to provide an answer to the entire class.

It is very easy to fall off-track when taking an online course. To ensure that you are proceeding through the course at a consistent pace, I have scheduled the mandatory assignments using a very predictable and consistent way. **Following the schedule will be critical to your success in this course.**

- **On Sundays** I will send out a weekly email with the schedule and assignments for the week. Make sure to monitor your GMU email accounts regularly so you do not miss any important information.
- **By midnight on Monday** you are to fill out and submit the reading response form. The purpose of the reading response form is to ensure that you have completed the assigned reading BEFORE the Tuesday and Thursday lectures. You will also have an opportunity to ask questions using the form, and I can then address those questions in the lecture videos.
- **You will have an assignment due by midnight each and every Thursday.**
  - Most weeks you will be required to complete a multiple choice quiz. Quizzes for the week will be posted at 9:00 AM KST in the same folder as the lecture videos.
  - Some weeks you will be required to submit your responses for a homework assignment / brief essay / problem set.

To really dive deep into microeconomics, we will need to cover a lot of material, so you will need to put forth and maintain a consistent and high level of effort.

**One bad week will not be a problem. But, a bad work ethic will be a problem.**

## 1.4 Required Materials

Each week you will have required readings (marked with an asterisk in the table in section 3) and a set of additional suggested readings. You will absolutely be held accountable for all of the information delivered in the required readings. The suggested readings are highly recommended, and will help you to better understand the concepts that we will be discussing and studying. Each book below presents some of the same concepts in slightly different ways, so I suggest you use all of the resources at your disposal to find which economist's delivery and teaching method works best for you.

There are two required books for this course. The first is *Univereal Economics* by Alchian & Allen, and it will be our primary reference text. It is available for purchase on Amazon and through Liberty Fund. There is also a PDF available for free through Liberty Fund.

Our second text is Stigler's *The Theory of Price*. The book is no longer in print, but second-hand copies can be found online if you would like a physical copy. I have made a PDF copy available on Blackboard under the **Readings** tab for your use.

We will also have selected readings from Hirshleifer's *Price Theory and Applications*. Some sections of the book offer a highly concentrated and precise description of the concepts we will be studying. I highly recommend purchasing the book; however, I will make the most important sections available to you under the **Readings** tab on Blackboard.

To review the introductory principles on which this course will expound, I recommend having access to a copy of *Cowen & Tabarrok's Modern Principles* text. I will, from time to time, recommend videos from their online lecture series: Marginal Revolution University.

(A&A) Alchian, Armen A., and William R. Allen. *Universal Economics*. Edited by Jerry L. Jordan. Carmel, IN: Liberty Fund, Inc., 2018.

(S) Stigler, George J. *The Theory of Price*. New York, NY: Macmillan Publishing Co., Inc., 1987.

(H) Hirshleifer, Jack, Amihai Glazer, and David Hirshleifer. *Price Theory and Applications: Decisions, Markets, and Information*. Cambridge: Cambridge Univ. Press, 2009.

Optional: (C&T) Cowen, Tyler, and Alexander Tabarrok. *Modern Principles: Microeconomics*. New York, NY: Macmillan Education, 2018.

Shorter readings may be assigned during the semester as a supplement to the main texts. They will be accessible under the **Readings** tab on Blackboard, as well. You will be informed of these reading assignments if/when they are assigned.

## 2 Grading and Assignments

I offer as many opportunities as is reasonable for you to earn points and continually improve your standing in the course. Your final grade in the course will be based on the following:

## 2.1 Reading Responses (20 percent)

You are required to submit reading responses each week using the reading response form (RRF) available here and linked on Blackboard. **All responses must be submitted before midnight each Monday.** My objective is to ensure that you are completing the assigned reading before watching the video lectures. The reading assignments and the lectures are not substitutes!

## 2.2 Quizzes (20 percent)

Multiple choice (MC) quizzes will be required on most Thursdays. You must **complete each quiz before midnight** on the day it is administered. *Quizzes will be administered on Blackboard* and will be made available at 9:00 AM KST in the same folder as the lecture videos for the week.

My objective is to regularly test your understanding of the assigned reading and the weekly lecture videos. There will be no makeup quizzes, and you are expected to take your quiz on time. Your lowest quiz grade will be dropped at the end of the semester.

## 2.3 Homework Assignments (20 percent)

You will be given four homework assignments (HW) throughout the semester. You may collaborate with each other, but each student must turn in their own individual copy written in their own words.

**Homework submissions must be submitted to me by email by midnight on the day they are due.** It is your responsibility to ensure that you have received an email from me confirming receipt of your submission. If you do not receive an email from me saying *"Got it. Thanks."* I have not received your assignment and you should re-send it!

The assignments will consist of a mix of problem sets and written assignments intended to push you to apply the economic tools, principles, and theories that you have learned. Homework assignments will be distributed (at least) one week before they are due and will be found under the **Assignments** tab in Blackboard.

## 2.4 Midterm Exam (20 percent)

The midterm exam will consist of a series of multiple choice questions (similar to quiz questions), short-answer verbal question and mathematical questions. There are no makeup exams. If you miss the midterm, the 20 percentage points allocated to the midterm will instead be rolled into your final exam (and your final exam will count for 40 percent of your final average in this course).

## 2.5 Final Exam (20 percent)

The final exam is scheduled for XXXXXXXX<sup>2</sup>. The format of the final will generally be the same as the midterm. However, there will be an additional section on the final consisting of an essay question (500 - 750 words). I will distribute a question bank 10 days prior to the final exam. I will then choose one of those questions to ask on the final. You can write an answer for each of the questions in the question bank during the course of your studying for the final; then you can simply upload and submit the appropriate response when you see which question from the question bank I ultimately decide to ask on the final exam.

## 2.6 Extra Credit

There will be opportunities to earn extra credit in this course. Do not ask for extra credit; I will make opportunities available to everyone if and when I deem it appropriate.

## 3 Tentative Schedule

Our tentative schedule is listed below. I reserve the right to adjust the pace of the course and the content covered as is necessary. All assignments are due by midnight on the date listed. All content will be made available by 9:00 AM on Tuesdays and Thursdays, which gives you plenty of time to complete the assignments at your leisure. Homework Assignments (HW) will be made available under the Assignments tab in Blackboard one week in advance of their due dates.

Week	Lesson	Reading	Assignments Due
1	Introduction, Foundations	A&A ch 1*, 2, 3*	<u>8/27</u> : MC
2	Consumption and Demand: Basics & Elasticity	A&A ch 5*, 8*, 9; H pgs 132 - 136*	<u>8/31</u> : RRF; <u>9/3</u> : MC
3	Consumption and Demand: Complements, Substitutes, Normal & Inferior	S pgs 28 - 32*; H pgs 136 - 137*	<u>9/7</u> : RRF; <u>9/10</u> : <b>HW</b>
4	Consumption And Demand: Utility	A&A pgs 44-49; S ch 4; H pgs 79 - 83*, 94 - 104*, 107 - 115*	<u>9/14</u> : RRF; <u>9/17</u> : MC
5	Consumption And Demand: Income-Compensated Demand Curves	Handout*	<u>9/21</u> : RRF; <u>9/23</u> : MC
6	Game Theory <sup>3</sup>	Handout*	<u>10/1</u> : <b>Extra Credit HW Assignment</b>
7	Supply: Costs and Production	S ch 7, 8*	<u>10/5</u> : RRF; <u>10/8</u> : <b>HW</b>
8	Supply: Optimal Inputs	S ch 9*	<u>10/12</u> : RRF; <u>10/15</u> : MC

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<sup>2</sup>Final exams are scheduled by the university and cannot be rescheduled, and no make-up exams can be administered.

<sup>3</sup>This week's assignments are strictly extra credit. Technically the entire campus is on Fall Recess.

Week	Lesson	Reading	Assignments Due
9	Supply: Competitive Firm & Monopolist	A&A ch 16*, 19*, 20; S ch 11 & 12; H ch 8	<u>10/19</u> : RRF; <u>10/22</u> : MC
10	Equilibrium and Prices as a Coordinating Mechanism	A&A ch 10; S ch 2*; H pgs 18 - 20*, 46 - 48*	<u>10/26</u> : RRF; <u>10/29</u> : <b><u>MIDTERM EXAM</u></b>
11	Taxes and Subsidies; Public Goods	A&A 181 - 185	<u>11/2</u> : RRF; <u>11/5</u> : MC
12	Externalities	A&A pgs 36 - 39, 180 - 181; Handout*; S pgs 117 - 120*	<u>11/9</u> : RRF; <u>11/12</u> : <b>HW</b>
13	Profit Maximization - Simple Optimization	Handout*	<u>11/16</u> : RRF; <u>11/19</u> : MC
14	Theory of the Firm	A&A ch 22* & 27	<u>11/23</u> : RRF; <u>11/26</u> : MC
15	Intertemporal Optimization and Interest	S ch 19*; H pgs 464 - 466 Handout*	<u>11/30</u> : RRF; <u>12/3</u> : <b>HW</b>
16	FINALS WEEK	-	

## 4 Other Administrative Items

### 4.1 Religious Holidays

A list of religious holidays is available on the University Life Calendar page. Any student whose religious observance conflicts with a scheduled course activity must contact the instructor at least two weeks in advance of the conflict date in order to make alternative arrangements.

### 4.2 Conduct

Students are expected to conduct themselves in a manner that is conducive to learning, as directed by the instructor. Any student who negatively impacts the opportunity for other students to learn will be warned. If disruptive behavior continues, the student will be referred to the Office of Student Conduct.

### 4.3 Communications

George Mason University's e-mail system is the preferred method of communication. Students must use their MasonLive email account to receive important University information, including messages related to this class. Federal privacy law and George Mason University policy requires that any communication with a student related in any way to a student's status be conducted using secure George Mason University systems.

## 4.4 Privacy

Instructors respect and protect the privacy of information related to individual students. Instructors will take every possible measure to protect the privacy of each student's submissions, scores and grades.

## 4.5 Honor Code

It is expected that students adhere to the George Mason University Honor Code as it relates to integrity regarding coursework and grades. The Honor Code reads as follows:

*“To promote a stronger sense of mutual responsibility, respect, trust, and fairness among all members of the George Mason University community and with the desire for greater academic and personal achievement, we, the student members of the university community, have set forth this Honor Code: Student members of the George Mason University community pledge not to cheat, plagiarize, steal, or lie in matters related to academic work.”*

More information about the Honor Code, including definitions of cheating, lying, and plagiarism, can be found on the Committee of Academic Integrity's website.

For this course, the following requirements are specified:

1. All assessable work is to be prepared by the individual student, unless the Instructor explicitly directs otherwise.
2. All work must be newly created by the individual student for this course for this semester. Any usage of work developed for another course, or for this course in a prior semester, is strictly prohibited without prior approval from the instructor.
3. Students may seek assistance with assigned work (and are encouraged to do so if they feel the need), provided the directions for the assigned work do not prohibit such assistance and assistance is acknowledged in the submitted work, clearly identifying the person/giving assistance and the nature of the assistance given.

## 4.6 Disability Accommodations

If you are a student with a disability and you need an academic accommodation, please contact the instructor as soon as you can. Accommodations for disabled students must be made in advance—we cannot assist students retroactively, and at least one week's notice is required for special accommodations related to exams. Any student who needs accommodation should contact the instructor during the first week of the semester so that there is sufficient time to make arrangements.

## 4.7 Special Supplement for COVID-19: Fall 2020

In the interest of everyone's safety, students and faculty must follow these guidelines during the Fall 2020 semester.

1. Use the basement entrance to enter and exit Mason's building. Your temperature will be screened each time you enter the building. Allow additional time before class to complete the entrance screening procedure. Carry your student ID card with you at all times and be ready to show it when you enter and exit the building. Do not prop doors or let others enter the building through doors on the ground floor.
2. Wear a face mask at all times. Remain 6 feet apart from others. Clean your seat and desk space with disinfectant wipes before you begin class. Use hand sanitizer regularly, and avoid shaking hands or other forms of physical contact. Do not share pens, pencils or other personal items. Limit your use of the elevators, and use stairs to travel between floors of the building. Students are expected to purchase their own masks for personal use. Disinfectant wipes and hand sanitizer will be available in each classroom.
3. Classrooms are marked to indicate appropriate seating to allow for social distancing. Only sit in allowable seats, and maintain current set-up of classroom furniture. If you are asked to re-arrange classroom furniture by your professor for in-class exercises, return furniture to its original position when you are finished.
4. Observe these rules at all times during the class period and while in Mason's building or other public areas of the campus. This includes during class breaks, in small group work (in or out of class), meetings with your professors during office hours, tutoring sessions at the Academic Resource Center, socializing in common areas, or any other activities on campus.
5. Make sure windows and doors remain open during the class period to promote circulation of outside air. Classrooms without windows have mechanical systems that vent air, but doors should be kept open at all times.
6. The safest option for studying is to study alone in your dorm room or at home. If you must study in the building, alone or in groups, observe these rules at all times.
7. All faculty and students must abide by these rules in the classroom. If you see others who are not observing the rules outside the classroom, you may report this to your instructor, student affairs or academic affairs.
8. Do not enter the Mason building or come to class if you have symptoms such as fever, chills, sore throat, persistent cough, shortness of breath or other respiratory difficulties. If you must miss class for this reason, send an email immediately to the professor prior to the beginning of class. You will not be penalized for missing class for this reason, but you may be asked to provide documentation that you sought medical diagnosis or treatment. You are responsible for making up any missed assignments or tests as a result of your absence.
9. Students who come to class with visible signs of illness will be asked to leave the classroom immediately and seek assistance from the IGC Health Clinic. Faculty will report your name and symptoms to the Office of Student Affairs (mksa@gmu.edu) to confirm that you have sought medical assistance.



10. Failure to comply with any of these guidelines may result in disciplinary action through the Student Code of Conduct.