

**Microeconomic Theory**  
*Course Number 440.601.52*

**Course Outline**

This course is about how consumers and producers make constrained choices or, more generally, it's about human decision-making in the face of scarcity. Topics include consumer choice and demand; production, cost, and supply; market structure and behavior; and externalities and market failure. Game theory is introduced, along with units on uncertainty and asymmetric information.

**Course Requirements**

Students will be graded on the basis of problem sets, a midterm exam, and a final, accounting for 30%, 35%, and 35% of the course grade, respectively. There will be 6 problem sets, each counting equally. Problem sets will be due at the next class meeting.

*Students are encouraged to work on problem sets in groups of 2 or 3.* Each group will hand in just ONE homework, so group memberships must remain stable once formed.

Class participation is encouraged!

**Contact**

Email: [dausti13@jhu.edu](mailto:dausti13@jhu.edu)

Office hours: by appointment

**Prerequisites**

*Principles of Microeconomics*, and 440.304 (*Math Methods*), or equivalent.

**Textbook and Readings**

Required: Walter Nicholson, Christopher M. Snyder, *Microeconomic Theory: Basic Principles and Extensions*, 11<sup>th</sup> ed., South-Western College Publishers (2012). This is a highly-regarded textbook – genuinely recommended!

Recommended: Steven E. Landsburg, *The Armchair Economist: Economics & Everyday Life*, Free Press (Simon & Schuster), 2012. Very enjoyable and easy to read; it will challenge your assumptions! I will incorporate several chapters from this book into classroom discussions; you'll enjoy them and get more from them if you have this book.

I will supply copies of any other readings I may recommend.

**WEEKLY SCHEDULE**

1. Introduction and Math Review

Intro to Economic Models, Nicholson and Snyder (N&S), Chapter 1

Math Review for Microeconomics, N&S Chapter 2

2. Theory of the Consumer

Preferences and Utility – N&S: 3

Utility Maximization and Choice – N&S: 4

***Homework I handed out. Due next class meeting.***

3. Consumer Theory II

Income and Substitution Effects – N&S: 5

Demand Relationships Among Goods – N&S: 6

***Homework II handed out. Due next class meeting.***

4. Theory of the Firm

Production Functions – N&S: 9

Cost Functions – N&S: 10

*Recommended: Landsburg Ch. 2 (pp. 13-24), Why U2 Concerts Sell Out*

***Homework III handed out. Due next class meeting.***

5. Theory of the Firm II

Profit Maximization – N&S: 11

Perfect Competition – N&S: 12 (*The Partial-Equilibrium Competitive Model*)

6. Factor Markets

Labor Markets – N&S: 16

Capital and Time – N&S: 17

7. **MIDTERM EXAM**

8. General Equilibrium and Welfare – N&S: 13

*Recommended: Landsburg Ch. 8 (pp. 88-99), Why Prices are Good*

***Homework IV handed out. Due next class meeting.***

9. Market Power

Monopoly – N&S: 14

Imperfect Competition – N&S: 15

*Recommended: Landsburg Ch. 16 (201-215), Why Popcorn Costs More at the Movies*

***Homework V handed out. Due next class meeting.***

10. Market Failure

Asymmetric Information – N&S: 18

11. Market Failure II

Externalities and Public Goods – N&S: 19

*Recommended: Landsburg 4 (38-52), Who Cares if the Air is Clean?*

*Also: Landsburg 7 (73-87), The Logic of Efficiency*

***Homework VI handed out. Due next class meeting.***

12. Uncertainty – N&S: 7

13. Game Theory – N&S: 8

14. **FINAL EXAM**

## Johns Hopkins University Policies

### General

This course adheres to all University policies described in the academic catalog. Please pay close attention to the following policies:

### Students with Disabilities

Johns Hopkins University is committed to providing reasonable and appropriate accommodations to students with disabilities. Students with documented disabilities should contact the coordinator listed on the [Disability Accommodations](#) page. Further information and a link to the Student Request for Accommodation form can also be found on the [Disability Accommodations](#) page.

### Ethics & Plagiarism

JHU Ethics Statement: The strength of the university depends on academic and personal integrity. In this course, you must be honest and truthful. Ethical violations include cheating on exams, plagiarism, reuse of assignments, improper use of the Internet and electronic devices, unauthorized collaboration, alteration of graded assignments, forgery and falsification, lying, facilitating academic dishonesty, and unfair competition. Report any violations you witness to the instructor.

Read and adhere to JHU's [Notice on Plagiarism](#).

### Dropping the Course

You are responsible for understanding the university's policies and procedures regarding withdrawing from courses found in the current catalog. You should be aware of the current deadlines according to the [Academic Calendar](#).

### Getting Help

You have a variety of methods to get help on Blackboard. Please consult the resource listed in the "Blackboard Help" link for important information. **If you encounter technical difficulty in completing or submitting any online assessment, please immediately contact the designated help desk listed on the [AAP online support page](#).** Also, contact your instructor at the email address listed in the syllabus.