

MICROECONOMIC THEORY

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Class Time: Monday 6:00-8:45
Office Hours: After class and
by appointment.

This course will introduce the student to microeconomic analysis with special application to issues of public policy. It is designed to be an integrated analysis of the functioning of the market economy and how it allocates scarce resources through the decision making of its component agents and their interactions in markets. Many resource allocation issues are influenced to some degree by public policy. This makes microeconomic analysis particularly applicable to policy analysis. In this course, we will discuss resource allocation based on the behavior of individual agents (e.g. consumers, firms, and governments); the response of economic agents to changes in incentives; market allocations in competitive and non-competitive environments; and what happens when markets fail and the appropriateness of government interventions to remedy them. We will also apply microeconomic analysis to specific policy issues through the case study method. The goal is to provide students with a set of analytical tools that can help evaluate actual and potential government intervention.

Course Requirements and Grades

It is assumed that students have already had an introductory course in microeconomics and mastered the mathematics covered in the Mathematical Methods for Economists course (ECON 440.304.51). This course will include extensive use of constrained multivariate optimization; comfort with calculus and some exposure to optimization will be assumed.

The graded elements of this course will be five required problem sets (marked with an asterisk on the reading list), a midterm exam, and a final exam. In addition to these formal requirements, it is expected that students will be active participants in class discussions.

- The course grade will be determined by a weighted average of these elements calculated as follows:

problem sets (five)	30%
midterm exam	30%*
final exam	40%*

*If the final exam score is higher than the midterm score then the midterm will be worth 25% and the final 45% of the course grade.

- Late problem sets will be accepted before the answers are made available for one half of the original value. Once the solutions have been made available a zero will be given for any problem sets that have not been received.
- Students who do not attend an exam will be given a grade of zero unless they contact the instructor prior to the exam and have written verification of an accepted excuse. In such cases a make-up exam will be given within the next seven days. If this is not possible, the student's grade will be determined by their score on the final exam.
- Work to be turned in for a grade must reflect individual effort. Collaborative homework is not allowed.

Textbooks

Since students have different backgrounds and learning styles I have listed several textbooks that cover the course material. I have selected the text by Nicholson 12th edition as the recommended text, although the 11th or 10th edition would also be perfectly acceptable. Nicholson provides a good mix of intuition and mathematics that should meet the needs of the typical student.

Primary Text: *Microeconomic Theory: Principles and Extensions* by Walter Nicholson 12th Edition

Internet Access

It is expected that all students have internet access; both email and web access. I will utilize an email distribution list and Blackboard to clarify material covered in lectures, respond to questions and contact the class as needed. This form of communication will hopefully make it easy to get your questions answered in a timely fashion and give the entire class the benefit of both the question and the response. Please attempt to get lingering questions from a lecture or problem set answered before the next class; this will help us keep on schedule. The course is inherently cumulative and points of confusion can quickly snowball.

The course web page will contain copies of all problem sets and suggested solutions, my lectures, old exams, as well as other resources. In order to minimize wasted paper, I will use the course web site to distribute handouts. Typically, problem sets will be distributed one week before they are due, however they may be available on the web page sooner. Usually lectures will be posted to the web page one day before the lecture.

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.

COPYRIGHT POLICY

All course material are the property of JHU and are to be used for the student's individual academic purpose only. Any dissemination, copying, reproducing, modification, displaying, or transmitting of any course material content for any other purpose is prohibited, will be considered misconduct under the [JHU Copyright Compliance Policy](#), and may be cause for disciplinary action. In addition, encouraging academic dishonesty or cheating by distributing information about course materials or assignments which would give an unfair advantage to others may violate AAP's [Code of Conduct](#) and the University's [Student Conduct Code](#). Specifically, recordings, course materials, and lecture notes may not be exchanged or distributed for commercial purposes, for compensation, or for any purpose other than use by students enrolled in the class. Other distributions of such materials by students may be deemed to violate the above University policies and be subject to disciplinary action.

CODE OF CONDUCT

To better support all students, the Johns Hopkins University non-academic [Student Conduct Code](#) has been integrated and updated to include all divisions of the University. In addition, it is important to note that all AAP students are still accountable for the [Code of Conduct for Advanced Academic Programs](#).

TITLE IX

Confidentiality and Mandatory Reporting

As an instructor, one of my responsibilities is to help create a safe and inclusive learning environment on our campus. I also have mandatory reporting responsibilities related to my role as a Responsible Employee under the Sexual Misconduct Policy & Procedures (which prohibits sexual harassment, sexual assault, relationship violence and stalking), as well as the General Anti-Harassment Policy (which prohibits all types of protected status based discrimination and harassment). It is my goal that you feel able to share information related to your life experiences in classroom discussions, in your written work, and in our one-on-one meetings. I will seek to keep information you share private to the greatest extent possible. However, I am required to share information that I learn of regarding sexual misconduct, as well as protected status based harassment and discrimination, with the Office of Institutional Equity (OIE). For a list of individuals/offices who can speak with you confidentially, please see Appendix B of the [JHU Sexual Misconduct Policies and Laws](#).

For more information on both policies mentioned above, please see: [JHU Relevant Policies, Codes, Statements and Principles](#). Please also note that certain faculty and other University community members also have a duty as a designated Campus Safety Authority under the Clery Act to notify campus security of certain crimes, as well as a duty under State law and University policy to report suspected child abuse and/or neglect.

MICROECONOMIC THEORY
Reading List

Week	Date	Lecture Topic(s)	Reading from Nicholson		Problem Set Due
			11 th ed.	12 th ed.	
1.	Sep. 10	Introduction, Supply and Demand, and Math Review	1, 2	1, 2	--
2.	Sep. 17	Theory of the Consumer: Consumer Tastes and Consumer Behavior; Graphical Analysis Income and Substitution Effects	3, 4, 5 (pp.145-159)	3, 4, 5 (pp.141-155)	1
3.	Sep. 24	Theory of the Consumer: Income and Substitution Effects, Demand Relation Ships Between Goods	5, 6	5, 6	2*
4.	Oct. 1	Theory of the Consumer: Market Demand and Labor Supply	12 (pp. 438+); 16 (pp. 581-590)	12 (pp. 431+); 16 (pp. 575-584)	3
5.	Oct. 8	Theory of the Firm: Production Functions and Costs in Firm Production Decisions	9,10	9,10	4*
6.	Oct. 15	Product Markets: Perfect Competition, Analysis of Competitive Markets	11, 12 (pp. 409-438)	11, 12 (pp. 401-431)	5*
7.	Oct. 22	General Equilibrium in Perfect Competition	13	13	6
8.	Oct. 29	MIDTERM EXAM	--	--	--
9.	Nov. 5	Imperfect Competition: Monopoly and Market Power	14, 15	14, 15	7
10.	Nov. 12	Imperfect Competition: Game Theory, Oligopoly	8, 15	8, 15	8*
11.	Nov. 26	Incomplete Information and Asymmetric Information	7, 18	7, 18	9
12.	Nov. 3	Missing Markets: Externalities and Public Goods -- Review	19	19	10*
13.	Dec. 10	Finish up Externalities and Public Goods – Review	19	19	11
14.	Dec. 17	FINAL EXAM	--	--	--

* Required problem set