

Microeconomic Theory: Course Syllabus

Goals and Objectives:

Our goals in this study are to 1) understand how a market economy operates; i.e., how the price system works in organizing economic activity; 2) analyze and evaluate the economic aspects of a market system under the various structural possibilities; 3) examine how resource prices are determined and the allocation role they perform in a market economy; and 4) apply economic theory to real world events and problems.

Course Requirements:

This is a required course for all economics and business majors. As such, it is important for you to read the assigned materials before they are discussed in class and complete all the homework assignments.

Student evaluation will be based on performance on three tests, a comprehensive final examination, and an economic issues notebook with related essay. The percentage breakdown is as follows:

Test 1	25 percent
Test 2	25 percent
Homework assignments (8)	16 percent
Departmental Final Exam	34 percent

All examinations will be in a mixed format--multiple-choice, short answer, and essay:

Experiments:

We will construct a series of class experiments to highlight important economic principles. The experiments are the foundation of the course. Much of your learning will be done in the experimental setting, so it is very important that you participate. Additionally, homework will be assigned that will require your analysis of the experimental data generated. *If you miss an experiment, you will not receive credit for the homework for that experiment.* Finally, there is an extra credit incentive not only to participate, but also to do as well as possible in each experiment. Your profits and losses will be accumulated at the end of the semester and extra credit will be assigned accordingly. More details on the extra credit component of the experiments is discussed below.

Extra Credit:

There are 100 points of extra credit available to the entire class. This number will not change. How much of the 100 points you receive is based on your experimental performance throughout the semester. Suppose that the class as a whole earns 10,000 points during the semester, and of this amount you earned 300. Then you would earn your share of total earnings, or $(300/10,000) * 100 = 3.0$ points of extra credit on your final course average. Luck plays a role here, because in any particular experiment, you

could, for example, be a low cost seller, making it easier to earn money. But the difference between vigorous effort and no effort will generally be three or four extra credit points added to your grade. Vigorous effort, of course, will increase your grade on exams and homework as well.

Required Texts:

McEachern, WA. *Economics: A Contemporary Introduction*, 6th edition, South-Western Publishing Company, 2003.

Bergstrom, TC, and Miller, JH. *Experiments with Economic Principles: Microeconomics*, 2nd edition, Irwin McGraw-Hill, 2000.

Attendance:

Attendance is extremely important, especially on experiment days. As such, the university policy regarding class attendance will be strictly applied:

To earn credit in a course the student must...attend at least 75% of all class meetings. Any University-related activity necessitating an absence from class shall count as an absence when determining whether a student has attended the required 75% of class meetings.

Important Dates (departmental policy strictly adheres to these dates):

September 19: Courses dropped after this date will be recorded as W or WF, according to the report of the professor.

October 21: Courses dropped after this date will be recorded as failed.

Refreshments in the classroom:

The Dean has asked that food and beverages not be allowed in the classrooms. The only exception to this rule is water. Thank you for your cooperation.

Office Information:

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Hours: 2-5 pm, Tuesday and Thursday

No Office Hours on Monday, Wednesday, and Friday

All other times by appointment only

Course Schedule:

All readings are required. A schedule of class discussions and associated readings is attached. All students should undertake all readings prior to the corresponding class discussion. This is imperative for meaningful class discussions.

Date	Topic of discussion	Assignments	Reading
Aug 26	What is economics?	Value in exchange	M1 with appendix
28	Tools of analysis		M2
Sep 2	Supply and demand		M3 (pp. 45-62)
4	<i>Market experiment</i>		B1
9	Topics: Elasticity, taxes, floors, ceilings	Homework exp 1	M3 (pp. 63-65) M5 (pp. 89-100)
11	<i>Government intervention experiment</i>		B3
16	Short-run production theory	Homework exp 3	M7 (pp. 140-144)
18	<i>Measuring productivity experiment</i>		B10
23	Short-run cost	Homework exp 10	M7 (pp. 144-150)
25	Test 1		
30	Perfect competition – short-run		M8 (pp.164-177)
Oct 2	<i>Entry and exit experiment</i>		B8
7			
9	Long-run adjustment	Homework exp 8	M7 (pp. 150-155) M8 (pp.178-184)
14	Monopoly		M9
16	<i>Monopolies and cartels experiment</i>		B7
21	Monopolistic competition	Homework exp 7	M10 (pp. 216-224)
23	Oligopolies and game theory		M10 (pp. 224-236)
28	Regulating monopolies		M 15 (pp. 316-321)
30	Test 2		
Nov 4	Competitive resource markets		M11
6	<i>A minimum wage experiment</i>		B5
11	Labor unions	Homework exp 5	M12
13	Market failure		M17 (pp. 357-369)
18	<i>Externalities experiment</i>		B6
20	Income distribution and poverty	Homework exp 6	M18
25	Comparative advantage and trade		M2 (pp. 30-33)
27	Thanksgiving Holidays		
Dec 2	<i>Comparative advantage experiment</i>		B11
4	International trade	Homework exp 11	M19
Dec 15	Final Exam, 10:30 am – 12:30 pm		