**ECONOMICS 306-010**

Intermediate Microeconomic Theory

Meeting Time: Wednesday 7:20-10:00

Course Prerequisites: Econ 103, Econ 104 and Math 108 or 113

**Instructor:** Alexander C. Cartwright **Email address**: acartwr2@gmu.edu

**Office Location**: Mason Hall, Floor 1, D101

**Office Hours**: Wednesday’s from 1-3 OR by appointment.

**Required Materials:**

(1) *Price Theory & Applications,* by Steven E. Landsburg, Eighth Edition

(2) *Hidden Order: The Economics of Everyday Life,* By David Friedman

**Course Description:**

 Microeconomics is the study of individual economic actors (consumers) behavior, individual firms decisions and how they coordinate their behavior in markets. This course begins from basic economic concepts and develops analytical tools that economists use to understand how production, consumption, and exchange constitute an orderly market. Because microeconomic theory ultimately forms the basis of all other economic theory, this course requires students to become intimately familiar with numerous microeconomic models and concepts students need to succeed in advanced economics courses. However, we will emphasize correctly applying these theories to illuminate the world around us.

**Course Learning Outcomes:**

* Students will understand the foundations of rational choice theory and its applications.
* Students will be able to use indifference curve analysis and game theory to explain individual decisions.
* Students will understand the role of property rights, prices, profit and loss and how these relate to incentives, information and innovation that give rise to the competitive market process.
* Students will be able to identify and analyze coordination under a variety of market structures.
* Students will develop an understanding of the spontaneous orders that underlie many complex phenomena.
* Most importantly, students will master using the economic way of thinking to make sense social phenomena, especially current events, not specifically addressed in this course.

**Course Requirements and Grading:**

Your grade in this course is based on a reading quiz at the beginning of each class (15%) three in class examinations (25% each; I will drop your lowest exam score) and a comprehensive final exam (35%).

The reading quiz at the beginning of each class is a chance for you to demonstrate that you completed the required reading before coming to class. Reading quizzes will typically not ask you to apply concepts or solve quantitative problems. The quizzes will be on the content of the readings. For example, I might ask you to define a key term explained in the Landsburg textbook, recount one of David Freidman’s examples in *Hidden Order*, or I may ask a true/false question about the content of the readings. Quizzes will be 3-4 questions, last 10 minutes, and be administered at the beginning of each class. I will drop your lowest quiz score at the end of the semester.

There will be three homework assignments to correspond with the material on each of the three exams. Each of the homework assignments is optional, but completing the homework assignment is essential to scoring well on each of the exams. Completed homework assignment’s are due on exam days. Depending on the accuracy and thoughtfulness of your homework answers, I will award up to 10 bonus points on that day’s test. Again, I will drop your lowest exam score at the end of the semester.

There will be three in class exams. The exams will be administered at the beginning of class, and you will have 1.5 hrs. to complete the exam. After the exam, we will use the remaining class time to begin the next topic. Cell phone calculators may not be used on exams and no calculators may be shared.

There is no formal grade for participation in this course, but those who consistently add to the class discussion, are eligible for 5% boost to their final grade.

With the exception of documented medical or family emergencies, I will not accept late work or offer make up assignments. By dropping your lowest exam score, you eare able to miss one exam if a conflict arises. In the event of an emergency, students should email me immediately. Please note that if a student misses an exam and I not accepted a student’s excuse, I will assign a “0” for that grade.

**Grading Scale:**

A > 93% B+ = 87–89% C+ = 77–79% D = 59–69%

A– = 89–93% B = 83–87% C = 73–77% F < 59%

 B– = 79–83% C– = 69–73%

**Honor Code:**

George Mason University has an Honor Code. You are expected to be familiar with the University’s academic integrity standards. Lying, cheating, plagiarism, or attempts to do any of those will not be tolerated in this class. I will report all potential violations of the Honor Code to the appropriate University authority.

**Communication:**

Occasionally, I may need to update students on class activities and assignments. I will be emailing students at their GMU email address. Students are responsible for checking their Mason email account regularly.

Students with Disabilities: If you are a student with a disability and you need academic accommodations, please see me and contact the Office of Disability Services at 703.993.2474 or ods.gmu.edu. All academic accommodations must be arranged through that office.

**Course Outline:**

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| Date | Topics | Assignment |
|  9/2 |  What is Economics?  Review of Basic Economic Concepts and Introduction to Rational Choice Theory |  Landsburg Ch. 1, 19Freidman Ch. 1 |
|  9/9 |  Introduction to Consumer Behavior |  Landsburg Ch. 2, 3Freidman Ch. 2, 3 |
|  9/15 |  Consumer Behavior in the Market |  Landsburg Ch. 4Freidman Ch. 4 |
|  9/23 |  **EXAM 1** Introduction to Firm Behavior | H.W. 1 DueLandsburg Ch. 5Freidman Ch. 5, 6 |
|  9/30 |  Firm Behavior |  Landsburg Ch. 6Freidman Ch. 7, 8, 9 |
|  10/7 |  Competition & Monopoly | Landsburg Ch. 7 , 10Freidman Ch. 10 |
| 10/14 |  Market Power, Collusion, Oligopoly | Landsburg Ch. 11Freidman Ch. 11 |
|  10/21 |  **EXAM 2**Introduction to Welfare Economics  |  H.W. 2 DueLandsburg Ch. 8Freidman Ch. 13, 15 |
|  10/28 |  Knowledge and Information | Landsburg Ch. 9 Freidman Ch. 16 |
|  11/4 | Public Goods   | Landsburg Ch. 13, 14Freidman Ch. 18, 19 |
|  11/11 |  Allocating Goods Over time  | Landsburg Ch. 17Freidman Ch. 12 |
|  11/18 |  **EXAM 3**Introduction to Game Theory | H.W. 3 Due Landsburg Ch. 12 Freidman Ch. 11, 20 |
|  11/25 |  Thanks Giving Recess  |   |
|  12/2 |  Behavioral Economics  | Thaler and Mullainathan, *Behavioral Economics*, <http://www.econlib.org/library/Enc/BehavioralEconomics.html>Samson, *An Introduction to Behavioral Economics,* <http://www.behavioraleconomics.com/introduction-to-be/>Thaler Video: <https://www.youtube.com/watch?v=tXuFTuKB8nQ> |
|  12/9 |  Market Process Theory &Review for Final Exam  |  Hayek, F. A. (1948) *Individualism and Economic Order.* Chapters IV and V (pp 77-107)<https://mises.org/library/individualism-and-economic-order>*Equilibrium versus Market Process*by Israel M. Kirzner In Dolan, Edwin G., ed., The Foundations of Modern Austrian Economics. 1976. Library of Economics and Liberty. 20 August 2015. <http://econlib.org/library/NPDBooks/Dolan/dlnFMA7.html> |

**\*Final Exam: December 12, 7:30pm-10:15pm\***