Module: Microeconomics
Seminar Leader: Martin Binder
Course Times: Mon 15:15-16:45, Wed 15:15-16:45
Email: m.binder@berlin.bard.edu

Course description
Microeconomics is the study of how individual economic units (households and firms) interact to determine outcomes (allocation of goods and services) in a market setting. This course further develops principles and analytical methods introduced by the Principles of Economics course. The first part of the course deals with consumer behaviour, market demand and the extent to which a consumer’s decisions can be modelled as rational. The second part of the course deals with the theory of the firm and the positive and normative characteristics of alternative market structures—perfect competition, monopolistic competition, oligopoly, pure monopoly, and, in resource markets, monopsony—are studied in depth. Finally, the efficiency of market outcomes is studied as well as situations (e.g. the presence of externalities) under which markets are not efficient. Part of the course is devoted to problem solving, in which students present solutions to specific case studies.

Learning Outcomes
- Understanding of the units of organisation and factors that interact to produce economic exchange within a market framework (e.g., consumers, households and firms)
- Recognition of and ability to analyse the workings of alternate market structures
- Ability to analyse the costs and benefits of specific modes of economic exchange
- Capacity to formulate and carry out case studies of microeconomic functioning

Requirements
Prerequisites
Students taking this class should have already successfully completed the classes “Mathematics for economics” and “Principles of Economics”. This course deepens our understanding of microeconomics discussed in the Principles class in a more detailed and formal fashion.

Textbooks
For this course, we will use the textbook “Microeconomics and Behaviour” by Frank/Cartwright (1st international edition, McGraw-Hill) and required readings will mostly be from this book (other editions of the book may be used as well but the course will refer to the edition specified here).

Attendance
Attendance at ALL classes is expected. More than two absences (that is absences from two sessions of 90 minutes) in a semester will significantly affect the grade for the course.

Assessment
Assessment will be based on attendance, preparation for classes, regular and active participation, problems sets, as well as a mid-term (60 minutes) and a final examination (90 minutes). The worst-graded problem set will not count towards the grade.

Policy on late submission of exercises
Exercises that are up to 24 hours late will be downgraded one full grade (from B+ to C+, for example). After that, I will accept late submissions only until the end of the week in which they were due (Sun, 23:59), but these cannot receive a grade of higher than C. Thereafter, the student will receive a failing grade for the assignment.

**Grade breakdown**
- Seminar preparation and participation 20%
- Mid-term exam 20%
- Problem sets 20%
- Final examination 40%

**Schedule**
Classes start on Monday Jan 26 and run until Friday May 08, with spring break planned for Mar 16–20, 2014. Completion week will take place May 13–20.

The schedule provided is provisional in order to allow for flexibility. It is the students' responsibility to keep themselves informed of any changes to the schedule provided here. An up-to-date schedule will be maintained by the course management in our google classroom system. Problem sets will be distributed and returned via google classroom, as will lecture slides. Please sign in for the course, using the code provided in the first session (classroom.google.com).

Week 1 – Introduction/How economists think; Revision: Supply and demand
- Jan 26, Jan 28
- Reading: Frank, Chs. 1-2

Part I – Theory of the consumer

Week 2 – Rational consumer choice
- Feb 02, Feb 04
- Reading: Frank, Ch. 3

Week 3 – Individual and market demand
- Feb 09, Feb 11
- Reading: Frank, Ch. 4

Week 4 – Applications
- Feb 16, Feb 18
- Reading: Frank, Ch. 5

Week 5 – Choice under uncertainty
- Feb 23, Feb 25
- Reading: Frank, Ch. 6

Week 6 – Preferences and cognitive limitations
- Mar 02, Mar 04
- Reading: Frank, Chs. 7-8

Part II – Theory of the firm and industrial organization
Week 7 – Mid-term and theory of the firm: Production
Mar 09 (Mid-term), Mar 11
Reading: Frank, Ch. 9

Week 8 – Costs; Perfect Competition
Mar 23, Mar 25
Reading: Frank, Chs. 10-11

Week 9 – Monopoly
Mar 30, Apr 01
Reading: Frank, Ch. 12

Week 10 – Imperfect Competition
Apr 06, Apr 08
Reading: Frank, Ch. 13

Week 11 – Factor markets: Labour
Apr 13, Apr 15
Reading: Frank, Ch. 14

Part III – Markets and Efficiency

Week 12 – Externalities
Apr 20, Apr 22
Reading: Frank, Ch. 16

Week 13 – Public Goods
Apr 27, Apr 29
Reading: Frank, Ch. 17

Week 14 – Welfare; Review
May 04, May 06
Reading: Frank, Ch. 18W

Week 15/16 – Completion Week (FINAL EXAM on May 18, 10:45-12:15 my office)

Classes missed due to federal holidays will not be rescheduled.

Problem set deadlines
Problem sets are due before class one week after being given.

(version: 07.01.2015)