

Syllabus

ECON 101: Introduction to Microeconomics

Nazarbayev University, Summer 2016

Instructor: Shane Auerbach (shaneauerbach@gmail.com)

Course website: www.shaneauerbach.com/teaching/16su101

- All course materials will be posted on this site – we will not use Moodle.

Class times (room): Tuesday, Wednesday, Thursday 12:30-14:15 and 14:30-16:15 (8.154)

Office hours (room): Tuesday, Wednesday, Thursday 09:00-10:30 (8209)

Textbook: *Principles of Economics*, Tenth Edition, by Case, Fair, and Oster (Pearson, 2012).

- Plenty of copies are available for checkout at the NU Library.
- Please note that lectures and exams will include some material that is not covered in the text.

Exams, problem sets, and grading:

- PS1 due Tuesday, June 7
- PS2 due Tuesday, June 14
- Midterm exam on Tuesday, June 21 (in class, during regular class hours)
- PS3 due Tuesday, June 28
- PS4 due Tuesday, July 5
- PS5 due Tuesday, July 12
- Final exam on Monday, July 18 (time and location TBD)

Problem sets are due (hard copies) at the beginning of class on the dates listed above and will be graded based on effort/completion. Students are encouraged to work on problem sets in groups but each student should hand in his or her own work. If you would like to work in a group but do not know your fellow students, email me (shaneauerbach@gmail.com) and I will attempt to match you with other students.

Exams will be graded on correctness. Final grades will be based on the following weights: problem sets (15%), midterm (35%), final (50%). A curve may be assigned to these weighted numerical grades to transform them to letter grades.

Introductions: I would like to meet each student individually for 10-15 minutes in my office to discuss your goals, both course-specific and general, and to help me learn your names. A sign-up sheet will be passed around in class.

Academic Integrity: Plagiarism and cheating will result in a failing grade in the course as well as additional measures in accordance with the procedures in the Student Code of Conduct for Nazarbayev University. Students should be familiar with NU's official policy on plagiarism:

Plagiarism is intentionally or carelessly presenting the work of another as one's own. It includes submitting an assignment purporting to be the student's original work which has wholly or in part been created by another person. It also includes the presentation of the work, ideas, representations, or words of another person without customary and proper acknowledgement of sources. Plagiarism occurs when a person:

1. Directly copies one or more sentences of another person's written work without proper citation. If another writers words are used, you must place quotation marks around the quoted material and include a footnote or other indication of the source of the quotation. This includes cut and paste from the internet or other electronic sources;
2. Changes words but copies the sentence structure of a source without giving credit to the original source, or closely paraphrases one or more paragraphs without acknowledgement of the source of the ideas, or uses graphs, figures, drawings, charts or other visual/audio materials without acknowledging the source or the permission of the author;
3. Submits false or altered information in any academic exercise. This may include making up data for an experiment, altering data, citing nonexistent articles, contriving sources, etc.;
4. Turns in all or part of assignment done by another student and claims it as their own;

5. Uses a paper writing service, has another student write a paper, or uses a foreign language translation and submits it as their own original work.

(Nazarbayev University Student Code of Conduct)

If you have any questions about plagiarism, please speak to (or email) me.

Accommodations for disabilities: If you have a disability that requires accommodation, please speak to (or email) me within the first week of the course.

Readings: In the tentative schedule below, readings listed for each lecture, within parentheses and italicized, are to be read before the lecture under which they are listed. I likely will not know whether or not you have done the readings, but I assure you that they are critical for success on the problem sets and examinations. I have tried to keep the readings for this class concise and interesting, and I indicate parts of certain readings that you should skip.

Course outline (will be updated during course):

Part 1: Introduction and consumer theory

- Lecture 1, Tue 31/05/16
Reading: Chapter 1, including appendix
 - What is economics?
 - Plan for the course
 - Utility theory: choice, rationality, utility functions
- Lecture 2, Wed 01/06/16
Reading: Friedman 1953 Pages 1-14
 - Positive versus normative economics
 - Models and assumptions
 - Utility theory ctd: utility functions
- Lecture 3, Thu 02/06/16
Reading: In Chapter 6: Household Choice in Output Markets && The Basis of Choice: Utility && Appendix on Indifference Curves
 - Utility theory ctd.: indifference curves, marginal rate of substitution (MRS)
 - Consumer theory: budget constraints
 - Opportunity cost
- Lecture 4, Tue 07/06/16, **PS1 due**
Reading: In Chapter 6: Household Choice in Input Markets && A Review: Households in Output and Input Markets && Income and Substitution Effects
 - Consumer theory: Optimal choice
 - Income and substitution effects
- Lecture 5, Wed 08/06/16
Reading: In Chapter 3: Demand in Product/Output Markets && In Chapter 5: Price Elasticity of Demand.
 - Deriving the demand curve
 - Market demand
 - Changes in demand versus changes in quantity demanded
 - Elasticity of demand
 - Labor supply

Part 2: Producer theory in perfect competition

- Lecture 6, Thu 09/06/16
Reading: In Chapter 3: Firms and Households: The Basic Decision-Making Units && Input Markets and Output Markets: The Circular Flow && Chapter 7
 - Introduction to producer theory
 - Technologies and production functions
 - Isoquants and isocosts
 - Minimizing cost
 - The cost curve
- Lecture 7, Tue 14/06/16, **PS2 due**
Reading: Chapter 8 && In Chapter 9: Short-run conditions and long-run directions && Long-run costs: economies and diseconomies of scale.

- Costs
- Maximizing profits
- Minimizing losses
- The supply curve
- Returns to scale
- Lecture 8, Wed 15/06/16
Reading: In Chapter 9: Long-run adjustments to short-run conditions && Appendix && In Chapter 10: Marginal revenue product && Land markets && In Chapter 11: Capital, investment, depreciation && The capital market
 - Market supply
 - Elasticity of supply
 - Investment
 - Present values
 - Long-run adjustments
 - Land markets
 - Capital markets
- Lecture 9, Thu 16/06/16
Reading: In Chapter 11: The demand for new capital and the investment decision && Appendix && Chapter 12
 - Market equilibrium
 - Market adjustment to changes in demand
 - Efficiency and equilibrium
- **MIDTERM**, Tue 21/06/16

Part 3: Market equilibrium, imperfections, and the role of government

- Lecture 10, Wed 22/06/16
Reading: None
 - Efficiency
 - Utilitarianism
 - Pareto efficiency
 - Productive efficiency
 - Allocative efficiency
- Lecture 11, Thu 23/06/16
Reading: None
 - Ordinal equivalence
 - Logarithmic = Cobb-Douglas
 - Equilibrium in an exchange economy
- Lecture 12, Tue 28/06/16, **PS3 due**
Reading: Chapter 13
 - Monopoly
- Lecture 13, Wed 29/06/16
Reading: Chapter 14
 - Oligopoly, Monopolistic competition
- Lecture 14, Thu 30/06/16
Reading: Chapter 15
 - Game theory
- Lecture 15, Tue 05/07/16, **PS4 due**
Reading: Chapter 16
 - Externalities, public goods and social choice
- CAPITAL DAY (no class), Wed 06/07/16
- Lecture 16, Thu 07/07/16
Reading: Chapter 19
 - Public economics and taxation
- Lecture 17, Tue 12/07/16, **PS5 due**
Reading: Chapter 17
 - Uncertainty and asymmetric information
- Lecture 18, Wed 13/07/16
Reading: Chapter 18

– Inequality

Part 4: The end is nigh

- Lecture 19, Thu 14/07/16
 - Review lecture
- FINAL, Mon 18/07/16