Course Description and Syllabus

Instructor:
Musab Kurnaz
Email: mkurnaz@andrew.cmu.edu
Office: GSIA, 318
Office hours: TBA

Where and When:
Time: MTWRF: 10:30AM to 11:50AM
Place: BH 154A

Reference:
“Microeconomics: Theory and Applications with Calculus”, by Jeffrey M. Perloff

Course Description:
This is likely your first economic theory class. We build on the fundamentals learned in Principles of Economics (73-100), and discuss some core microeconomic models on a more formal level. Topics include: consumer and firm behavior, partial equilibrium, monopoly and imperfect competition, choice under uncertainty, asymmetric information.

Learning Objectives:
At the end of the course, you should be able to: 1) Understand and use microeconomic terminology. 2) Understand and derive implications from microeconomic models of the individual, of the firm, and of interactions through the market place. 3) Understand how and why some markets fail, and propose mechanisms that solve these failures. 4) Understand and model economic situations where uncertainty exists.

Course Requirements:
There will be weekly (4) homework assignments (45 %), 1 midterm (15%), class exercises (quizzes, 10% ) and a final exam (30%). Both exams are cumulative. Homeworks and exams will be based on the material covered in class. You are responsible for all material covered in class, even if it is not contained in the book. Class attendance is highly recommended. If you miss a class, it is your responsibility to obtain the class notes from a
colleague; I am unable to provide class notes to individual students. The 3 highest grades of homeworks will be part of the weight for the homeworks. Also, 20 of class exercises (out of 26) will cover the weight of the quizzes.

E-mail Communication:
I will usually answer e-mails within 24 hours, not counting hours on weekends and holidays. If you email us on Wednesday at 3pm, you can usually expect an answer by Thursday 3pm. If you email us on Friday at 11pm, by Monday 11pm. While I will often respond faster, please do not depend on it and plan ahead accordingly. Please also understand that questions that require long answers are appropriate for office hours and not for email correspondence.

Rules of the Game:
Standard. Late homeworks are not accepted unless you have a verifiable medical problem (i.e. medical note rather than croaky voice). General philosophy: learning is more important than grades any way. There will be frequent reading assignments. More fine print that you must read:

1. Turning in Homework: Homework must be turned in on the day it is due. You may turn it in class or in my mailbox in the PhD lounge, second floor of Tepper by 10:30am on the day it is due. Do NOT leave it under my office door.

2. Working in groups: You may work in groups. BUT: You MUST put names of other group members on your homework. You MUST write up your own set of answers. Do NOT simply copy some other person’s work.

3. Class attendance/participation: I strongly encourage both! Participation makes the class more fun and you learn more. Feel free to ask questions!!! Feel free to answer questions!!!

4. Cold calling: I do it. You’ll thank me later.

5. Students with Disabilities: If you have a disability, please contact the Office of Disability. Resources to request appropriate accommodation.

6. Class room behavior: We hold ourselves to a high standard of professional behavior. Private conversations, browsing the web, checking email will be considered inappropriate. If you do it, you will be cold called. If you repeatedly do it, your participation grade will be affected.
7. Website: Check it regularly! I assume you are regularly checking the announcements (at least!) and will use them to communicate additional information to you.

8. Recording: No student may record or tape any classroom activity without my explicit written consent.

**Approximate Schedule:**

**a) Consumer’s Choice (Ch 3 & 4)**

1. Preferences and Utility
2. Budget Constraint, Constrained Consumer Choice and Deriving Demand Curves
3. Effects of Income and Price

**b) Firm’s Choice (Ch 6 & 7 & 8 & 9 & 11)**

1. Production, Short and Long Run Production
2. Returns to Scale, Productivity and Technical Change, Measuring Costs
3. Short and Long Run Costs
4. Cost of Producing Multiple Goods, Competition
5. Profit Maximization, Competition in Short and Long Run
6. Policies Shift Supply Curve, Policies Create a Wedge and Comparison of Policies
7. Monopoly Profit Maximization, Market Power
8. Welfare Effects of Monopoly, Taxes and Monopoly
9. Cost Advantages, Government Actions

**c) General Equilibrium (Ch 10)**

1. General Equilibrium, Exchange Economy

**d) Information (Ch 18 & 19)**

1. Asymmetric Information (Akerlof’s Lemon Market)
2. Adverse Selection
3. Moral Hazard