

## PRINCIPLES OF MICROECONOMICS

### Course description

In this course, we will discover basic concepts in economics that will help us understand everyday economic processes. We will study basic ideas and tools in microeconomics, the branch of economics that deals with the behavior of individual economic agents — i.e. consumers, firms, workers and investors—as well as the markets in which these agents operate. Simple mathematical and graphical techniques will be used to analyze the choice made by these agents.

### Course Goals

After this course, you should be able to:

- ◆ Understand economic articles in the newspaper and discussions on TV shows and social networks.
- ◆ Learn the models which explain how consumers, firms, workers and governments behave in a market economy
- ◆ Use these model to predict the implications of certain policies and market structures such as legal minimum wage, antitrust intervention, and environmental laws. Each class will include several real-life applications of the models discussed during the lecture.

### Evaluation

Quizzes are posted online at the end of each class. Each quiz is related to the material covered during the lecture and consist of 10 multiple choice questions. You will have 24h to complete each quiz, and you will be allowed to use your notes and textbook, as well as to work with your classmates.

Midterms and final exam are open questions. You will be asked to solved problems similar to the ones discussed in class and included in the textbook. I will also ask you to comment economic articles on current social and political issues using the tools learnt during the course. I will post online mock midterms and finals one week before each test.

All exams are closed book. Given the limited time available during the summer school, there will be no makeup exams. If you miss a midterm, 50% of your grade will depend on your second midterm. If you miss both midterms, you should prove that you had a valid reason (e.g. documented illness) in both days.

Math: this course does not require an advanced knowledge of math. All the concepts will be explained using graphical representations and with a limited number of formula. However, if you already know how to take derivatives and solve a system of equations, it will be easier for you to grasp certain notions.



**Instructor:** Dario Sansone  
**E-mail:** ds1289@georgetown.edu.

**Class time:** Monday to Thursday  
1-3pm

**Location:** TBA

**Office Hour:** Wednesday 3-4pm, or  
by appointment (24-hour notice)

**Course website:** the material for  
this course will be posted on  
Georgetown Blackboard.

Students with disabilities are encouraged to contact the **Academic Resource Center** for further information about accommodations available to them.

### Requirements

Quizzes: 20/100  
First Midterm: 25/100  
Second Midterm: 25/100  
Final Exam: 30/100

### Grade

Your final grade will depend on the median and standard deviation (SD) of the grade distribution.

### Textbook

*Microeconomics* by Robert Pindyck and Daniel Rubinfeld, 8<sup>th</sup> edition.  
ISBN-13: 9780132857123



## ***SCHEDULE OF CLASSES (Tentative)***

### **Week 1 (July 9<sup>th</sup>-12<sup>th</sup>) - Introduction**

Chapter 1: Preliminaries  
Chapter 2: The basics of Supply and Demand  
Chapter 3: Consumer Behavior

### **Week 2 (July 16<sup>th</sup>-19<sup>th</sup>) - Consumer Theory**

Chapter 4: Individual and Market Demand  
Chapter 5: Uncertainty and Consumer Behavior

### **Week 3 (July 23<sup>rd</sup>-26<sup>th</sup>) - Firm Theory**

Chapter 6: Production  
Chapter 7: The Cost of Production  
Chapter 8: Profit Maximization and Competitive Supply  
Chapter 9: The Analysis of Competitive Markets

### **Week 4 (July 30<sup>th</sup>-August 2<sup>nd</sup>) - Market Structure**

Chapter 10: Market Power: Monopoly and Monopsony  
Chapter 11: Pricing with Market Power  
Chapter 12: Monopolistic Competition and Oligopoly

### **Week 5 (August 6<sup>th</sup>-9<sup>th</sup>) - Advanced Topics**

Note: we will only cover the main topics in each of the following chapters. The lecture notes will highlighted the key points for each section. The aim of this week is to provide ad overview of the issues explored in more advanced courses.

Chapter 13: Game Theory and Competitive Strategy  
Chapter 14: Markets for Factor Inputs  
Chapter 15: Investment, Time, and Capital Markets  
Chapter 17: Markets with Asymmetric Information  
Chapter 18: Externalities and Public Goods

### **Honor System**

You have the responsibility to abide by the GU Honor System. A student found by the Honor Council to be in violation of the Honor Code will receive an F for the course, in addition to any penalties imposed by the Honor Council. I interpret the Honor Code as being applicable to all aspects of the course, including the exams. For more information see <http://gervaseprograms.georgetown.edu/honor/>

### **Important Dates**

**First lecture:** July 9<sup>th</sup>  
**Last lecture:** August 9<sup>th</sup>

**First Midterm:** July 19<sup>th</sup>  
**Second Midterm:** July 30<sup>st</sup>  
**Final Exam:** August 9<sup>th</sup>

### **Attendance Policy**

You are expected to attend class. Lecture slides will be posted online but they will only represent an outline of the covered material. Most of the classes will be frontal lectures and class discussions about real-life applications. However, we will also discuss sample exercises at the end of every class which will help you in preparation for the exam.



## ***READING LIST***

We will discuss in class several real-life examples from the textbook or economic articles. You will be also ask to analyze some economic policies in the final exam using the tools learned during the course. I will try to adjust the reading list to take into account current issues. Therefore, the following list only provides you with an idea of the articles you will encounter during the course.

### **Economic Policy**

[\*The Clinton Economic Plan: The Kitchen Sink\*](#), The Economist (June 13, 2015)  
[\*What Are the Economic Consequences of Brexit?\*](#), The FT (February 22, 2016)

### **Education**

[\*Business Schools: Campus vs Beach\*](#), The Economist (October 15, 2016)  
[\*The Cost of College: Delayed Gratification\*](#), The Economist (April 23, 2016)  
[\*Do Schools Kill Creativity?\*](#), Ted Talks (February 2006)

### **Health**

[\*Don't kill Obamacare\*](#), The Economist (March 7, 2015)  
[\*Why Drug Prices in America Are So High\*](#), The Economist (September 12, 2016)  
[\*Black Lead Matters\*](#), The New York Times (September 2, 2016)

### **Gender**

[\*The True Story of the Gender Pay Gap\*](#), Freaconomics (January 7, 2016)  
[\*Firms with More Women in the C-Suite Are More Profitable\*](#), HBR (February 8, 2016)

### **Behavior**

[\*Grit: The Power of Passion and Perseverance\*](#), Ted Talks (April 2013)  
[\*Considering a Big Change? Go for it, Says Evidence from 20,000 Flip Coins\*](#), The Atlantic (August 9, 2016)

### **Instructional Continuity**

In case of unforeseen interruption of face-to-face instruction (e.g. university closure), you are expected to cover by yourself the relevant material and readings posted on Blackboard. If you have any question, I will be available by email or Skype for office hours.