

# Economics 001: Principle of Microeconomics

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Summer Session: Jun 1 to Jul 3, 2020

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Office Hours: Thursday 9:30 AM - 10:30 AM

Class Hours: M/Th 10:45 AM - 12:45 PM

Office: LAU 2nd Floor (in front of Coffee Shop)

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## Course Description

This class is designed to introduce the basic concepts of microeconomics, focusing on the behavior of agents (i.e. workers, consumers, and firms), making decisions regarding the allocation of scarce resources and the interactions between these agents and the market. Mathematical and graphic techniques will be used to conduct the analysis on choices made by the economic agents.

The emphasis will be on formal mathematical models and concepts, although these formal concepts will be applied to real world examples, both to reinforce the concepts and to show the flexibility of the theory. The mathematics used in this course is relatively basic: nothing we do requires math past the typical high school sophomore level. That said, some of you will be rusty, which is why the first recitation meetings devoted to the required math.

## Textbook

- Microeconomics 12th Edition, Michael Parkin (Other editions will work too)

## Prerequisites

The class has no official prerequisites. The mathematics we will use in this course is relatively basic. However, if you already know how to take derivatives and solve a system of equations, it will be easier for you to grasp certain ideas. I shall cover additional math concepts in class as the need arises.

## Objectives

The primary goal of this course is to introduce and help students develop a consistent way of thinking about the behaviour of and interaction between economic agents such as consumers, workers, firms. In doing so, we will encounter concepts such as price mechanisms, supply and demand, market equilibrium, optimizing economic behavior, costs and revenue, market structures, factor markets and income distributions. The latter portion of the class will touch on strategic interactions (game theory), risk and uncertainty, informational asymmetries, externalities and public goods. Throughout the course, there will be a special emphasis on using anecdotes and vignettes to highlight how tools of microeconomics can be used to think through everyday economic and social interactions.

## Course Outline (Tentative)

The weekly coverage might change as it depends on the progress of the class. However, you must keep up with the reading assignments.

## Lectures

Lectures will explain the concepts and tools of microeconomics. Real life examples will be used to improve the apprehension of economic concepts and their application. The lectures are organized as it follows:

<b>Contents</b>	<b>Date</b>
Intro and Math Review	Monday 06/01
PPF	Tuesday 06/02
Gains from Trade	Wednesday 06/03
Supply and Demand	Thursday 06/04
Elasticity	Monday 06/08
taxes and subsidies	Tuesday 06/09
Efficiency	Wednesday 06/10
Welfare	Thursday 06/11
Review session	Monday 06/15
<b>MIDTERM</b>	<b>Tuesday 06/16</b>
Firms decisions	Wednesday 06/17
Costs	Thursday 06/18
Perfect competition	Monday 06/22
Monopoly and Monopsony	Tuesday 06/23
Market Power	Wednesday 06/24
Externalities and public goods	Thursday 06/25
Adverse Selection and Moral Hazard	Monday 06/29
Game Theory	Tuesday 06/30
Review Session	Wednesday 07/01
<b>FINAL</b>	<b>Thursday 07/02</b>

## Grading Policy

Problem Sets	10%
Midterm Exam	30%
Final Exam	60%

Problem Sets are posted online twice a week. Each problem set is related to the material covered during the lectures and consists of multiple problems. You will be allowed to use your notes and textbook, as well as to work with your classmates.

Midterm and final exams are mix of multiple choice and open-ended questions. You will be asked to solve problems similar to the ones discussed in class and problem sets. Final exam is cumulative and will include the material covered before midterm.

All exams are closed book. There will be no makeup midterms. If you miss a midterm you will receive a score of 0 unless you can prove that you had a valid reason (e.g. documented illness) that day.

This course does not require an advanced knowledge of mathematics. All the concepts will be explained using graphical representations and with a limited number of formula. However, derivatives and solve a system of equations will be used to solve some problem sets. Tools to do so will be explained in class.

## Course Policies

### During the class

I understand that the electronic recording of notes will be important for class and so computers will be allowed in class. Please refrain from using computers for anything but activities related to the class. Phones are prohibited as they are rarely useful for anything in the course. Eating and drinking are allowed in class but please refrain from it affecting the course. Try not to eat your lunch in class as the classes are typically active.

### Attendance Policy

You are expected to attend class. Powerpoint slides used in lecture will be posted online, however these slides only represent an outline of the covered material and are not a substitute for the lectures themselves. Most of the classes will be frontal lectures and class discussions about real-life applications. Additionally, we will also discuss sample exercises at the end of every class that will help you in preparation for the exam.

### Instructional Continuity Policy

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

### 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/>