



# B.E. International Program

Faculty of Economics, Thammasat University



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## TQF3 Course Specification

<b>Course Title:</b>	EE311 Microeconomics Theory (Curriculum 2009)  EE311 Microeconomics Theory (Curriculum 2013)
<b>Number of credits:</b>	4 credits (4-0-8)
<b>Prerequisites:</b>	EE211 (or EE213) and MA216 (or MA211)
<b>Course Description</b>	Consumer behavior with the use of indifference curve analysis, intertemporal consumption, consumption and risks, and Information cost. Theory of production and cost, the birth of the firm, structure and behavior of different types of markets and introductory game theory. Price determination in factor markets, general equilibrium analysis, introductory welfare Economics, market failures and measures to solve problems.
<b>Date of Latest Curriculum Revision:</b>	June 2013
<b>Purpose of Curriculum Revision:</b>	The curriculum is revised regularly to ensure the relevance of the courses to the recent development of economic frontier. The contents are updated so that it is of the benefits of the students in their future studies or future careers.
<b>Semester:</b>	2/2014
<b>Date, Time, and Venue:</b>	Wednesdays & Fridays, 11.00-13.00 Room 201, 2 <sup>nd</sup> floor, Faculty of Economics, Thammasat University, Tha Prachan campus
<b>Instructors:</b>	Dr. Phongthorn Wrasai (Section 046402) Office: Room 471 Tel: 02.613.2444 Email: <a href="mailto:pwrasai@gmail.com">pwrasai@gmail.com</a> , <a href="mailto:pwrasai@econ.tu.ac.th">pwrasai@econ.tu.ac.th</a> Office hours: by appointment

**Hour Employed per Semester:**

Lecture	Supplemental Classes	Laboratory/ Field Work/ Internship	Self-Study
64 hours (4 hours per week)	0 hours	0 hours	128 hours <b>(8 hours per week)</b>

**Main Textbooks:**

There are several textbooks that cover similar material. The first three books will be used extensively, but, for many topics, they can be used interchangeably with the other listed books. It is important to realize, however, that no single textbook contains **all** the material covered in this course. It is therefore essential that you read several sources, and that you review the concepts listed under “REVIEW” on your own, so that our time can be more valuably spent on new topics.

- 1) Pindyck, Robert S. and Rubinfeld, Daniel L., *Microeconomics*, (8<sup>th</sup> Ed.) New Jersey: Pearson Education, Inc., 2013. (Earlier editions are applicable.)
- 2) Varian, Hal *Intermediate Microeconomics*, (5<sup>th</sup> ed.) New York: Norton, 1999.
- 3) Martin J. Osborne, *An Introduction to game theory* (Oxford University Press, August 2003)
- 4) Besanko, D. and R. Braeutigam, *Microeconomics*, (4th ed) New York: John Wiley & Sons, 2011.
- 5) Salvatore, Dominick, *Microeconomics: Theory and Application*.(4th ed.) New York: Oxford University Press,2003.
- 6) Frank, Robert H. *Microeconomics and Behavior*, (8th ed) New York: McGraw-Hill / Irwin, 2010.
- 7) Perloff, Jeffery M. *Microeconomics*, (6th ed.) Boston: Addison - Wesley, 2012.
- 8) Miller, R.L., and R.P.H. Fishe. *Microeconomics: Price Theory in Practice*, New York: Harper Collins, 1995.
- 9) Hirshleifer, J., Glazer, Amihai and Hirshleifer, D., *Price Theory and Applications: Decisions, Markets, and Information*, (7th ed), New York: Cambridge University Press, 2005.
- 10) Griffiths, Alan and Stuart Wall, *Microeconomics: Theory & Applications*, London: Longman, 1996.
- 11) Nicholson, Walter, *Intermediate Microeconomics and Its Application*, (9th ed.) Ohio: South-Western, 2004.

Note: additional readings will be assigned during the semester, and readings on specific topics are given in the “boxes” under “Teaching Plan”.

**Supplementary Reading** (for fun):

Dan Ariely, *The Upside of Irrationality: The Unexpected Benefits of Defying Logic at Work and at Home*, Harper; 1 edition (June 1, 2010)

Dan Ariely, *Predictably Irrational, Revised and Expanded Edition: The Hidden Forces That Shape Our Decisions*, Harper Perennial; 1 Exp Rev edition (April 27, 2010)

Dan Ariely, *The Honest Truth About Dishonesty: How We Lie to Everyone--Especially Ourselves*, Harper Perennial; Reprint edition (June 18, 2013)

Daniel Kahneman, *Thinking, Fast and Slow*, Farrar, Straus and Giroux; Reprint edition (April 2, 2013)

Michael Sandel, *What Money Can't Buy: The Moral Limits of Markets*, Farrar, Straus and Giroux; 1 edition (April 24, 2012)

Michael Sandel, *Justice: What's the Right Thing to Do?*, Farrar, Straus and Giroux; Reprint edition (August 17, 2010)

Marshall Jevons, *Murder at the Margin*, New Jersey: Princeton University Press, 1978, 1993.

Paul Oyer, *Everything I Ever Needed to Know about Economics I Learned from Online Dating*, Harvard Business Review Press, 2014.

Robert H. Frank, *The Winner-Take-All Society: Why the Few at the Top Get So Much More Than the Rest of Us*, Penguin Books (September 1, 1996)

Robert H. Frank, *The Economic Naturalist: In Search of Explanations for Everyday Enigmas*, Basic Books (April 8, 2008)

Steven D. Levitt, and Stephen J. Dubner, *Freakonomics*, New York: Harper Torch, 2006.

Tim Harford, *The Undercover Economist: Exposing Why the Rich Are Rich, the Poor Are Poor--and Why You Can Never Buy a Decent Used Car!*, Oxford University Press, 2006.

*The Fatal Equilibrium*, New York: Balantine Books, 1985.

*A Deadly Indifference*, New Jersey: Princeton University Press, 1995.

### **Movies:**

“A Beautiful Mind” Universal Studios, 2001.

“An Inconvenient Truth”, 2006.

“Inside Job”, 2010.

“Norma Rae” Trimark, 1979, video released 2001.

“Speed” Twentieth-Century Fox, 1994.

“The Rainmaker”, Paramount 1997

“Erin Brockovich” Universal, 2000.

“Hero” Miramax, 2004.

“Day After Tomorrow”, Fox 2004.

## Some Useful Links:

### Student Resources for Frank's text:

[http://highered.mcgraw-hill.com/sites/0073375942/student\\_view0/index.html](http://highered.mcgraw-hill.com/sites/0073375942/student_view0/index.html)

### Nobel Prize in Economic Sciences:

[http://nobelprize.org/nobel\\_prizes/economics/shortfacts.html](http://nobelprize.org/nobel_prizes/economics/shortfacts.html)

**Robert H. Frank:** <http://www.robert-h-frank.com/>

**Econ Ph.D. Net:** <http://www.econphd.net/>

**Hal R. Varian:** <http://people.ischool.berkeley.edu/~hal/>

**The Official Paul Krugman Web Page:** <http://web.mit.edu/krugman/www/>

**The Undercover Economist:** <http://timharford.com>

**The Airport Economist :** <http://www.theairporeconomist.com>

**The Economist Magazine:** <http://www.economist.com>

### Interactive Excel Exercises:

There are 11 Interactive Excel Exercises located in <http://econ.tu.ac.th/class/archan/CHAYUNT/EC311/>

Each exercise contains a mathematical model in which the user can change some parameters that determine the behavior of model to change the equilibrium results and answer accompanies questions. Each exercise also includes a short explanation worksheet to help the user to understand the underlying theory related to the exercise. Where available, the name of the relevant interactive excel exercise will be given in “boxes” under “Teaching Plan”.

### Learning Outcomes:

The five learning outcomes are stated below:

Aspects	Expected outcomes
1. Morality and Ethics:	<b>Expected outcomes on morality and ethics:</b>
	<input checked="" type="radio"/> 1.1 Honesty
	<input type="radio"/> 1.2 Public consciousness
	<input type="radio"/> 1.3 Possession of discipline and punctuality
	<input checked="" type="radio"/> 1.4 Self as well as social and national responsibilities
	<input type="radio"/> 1.5 Awareness of artistic, cultural, and environmental values
	<b>Teaching methods:</b>
Academic Honesty throughout the course	
- Class Policy	
- Plagiarism	
Lecture on efficiency & equity (fairness), Externalities	
<b>Evaluation methods:</b>	
Problem Set, Quiz, Midterm Exam, and Final Exam	

<b>2. Knowledge:</b>	<b>Expected outcomes on knowledge:</b>	
	●	2.1 Understanding economic concepts and theories dynamically
	●	2.2 Understanding Thai and global economic structures and situations
	●	2.3 Understanding and possessing basic fundamental economic tools
	●	2.4 Understanding applied economics such as international economics, monetary economics, etc.
	●	2.5 Understanding other relating fields of economics such as anthropology, political science, etc
	<b>Teaching methods:</b>	
Lecture and Discussion		
<b>Evaluation methods:</b>		
Problem Set, Quiz, Midterm Exam, and Final Exam		
<b>3. Intellectual Development:</b>	<b>Expected outcomes on intellectual development:</b>	
	●	3.1 Ability to think and analyze rationally and systematically
	●	3.2 Ability to determine topic of study and carry out empirical study basing on different sources of information
	●	3.3 Ability to analyze obtained data and evidences to formulate integrated knowledge in order to propose recommended solutions to solutions to social and economic problems properly
	<b>Teaching methods:</b>	
	Lecture and Discussion	
	<b>Evaluation methods:</b>	
Problem Set, Quiz, Midterm Exam, and Final Exam		
<b>4. Interpersonal Skills and Responsibilities:</b>	<b>Expected outcomes on Interpersonal Skills and Responsibilities:</b>	
	○	4.1 Ability to implement and take charge of assigned tasks at individual and/or collective levels efficiently
	○	4.2 Ability to exhibit creative initiatives in analyzing problems by oneself and/or with others
	○	4.3 Having good leader and follower characteristics
	●	4.4 Continuous self-improvement in both academic knowledge and skills including exchanging knowledge with others
	○	4.5 Having good human relations and able to work with others from all walks and adapt oneself to changing environments
	<b>Teaching methods:</b>	
Lecture and Discussion		
<b>Evaluation methods:</b>		
Problem Set, Quiz, Midterm Exam, and Final Exam		
<b>5. Quantitative Analysis, Communication</b>	<b>Expected outcomes on Quantitative Analysis, Communication and Information Technology:</b>	
	●	5.1 Ability to select and apply mathematical and statistical technologies relevant to data analysis,

<b>and Information Technology:</b>		procession, interpretation, summary, and recommend proper solutions to the problems		
	●	5.2 Efficient communication in speaking, writing, selecting, and employing understandable forms of presentation		
	●	5.3 Ability to select information and communication technology in order to collect, analyze, process, and interpret obtained information and carry out proper presentation		
	<b>Teaching methods:</b>			
	Lecture and Discussion			
<b>Evaluation Plan</b>	<b>Evaluation methods:</b>			
	Problem Set, Quiz, Midterm Exam, and Final Exam			
	The evaluation plan for this course is stated as follows:			
	<b>Expected Outcomes</b>	<b>Methods/Activities</b>	<b>Week Evaluated</b>	<b>Weights Assigned</b>
	1.1, 1.4, 2.1 – 2.5, 3.1 – 3.3, 4.4, 5.1 – 5.3	Problem Sets & Quizzes	1-16	5%
1.1, 1.4, 2.1 – 2.5, 3.1 – 3.3, 4.4, 5.1 – 5.3	Midterm Exam	8	40%	
1.1, 1.4, 2.1 – 2.5, 3.1 – 3.3, 4.4, 5.1 – 5.3	Final Exam	16	55%	
			100%	

## Teaching Plan:

Week	Topics	Activities/Text & Materials/Media
1	<b>1. Supply and Demand, and Government Intervention</b> 1.1 Demand & Supply Model* 1.2 Concept of Consumer Surplus and Producer Surplus* 1.3 Elasticity* 1.4 Applications <b>*Self-Review</b>	<b>Review:</b> Concepts of consumer and producer surplus, Elasticity <b>Read:</b> Pindyck & Rubinfeld Chs. 2 and 9, Frank Ch. 2, Salvatore Ch.2, Perloff Chs.2,3,9, Miller & Fische Ch. 3, Besanko & Braeutigam Chs. 2 & 9
1	<b>2. Consumer Behavior and Demand Theory</b> 2.1 Indifference Curve Analysis <ul style="list-style-type: none"> <li>▪ Assumptions</li> <li>▪ Properties of Indifference Curves</li> <li>▪ Analysis of Goods, Bads, Neuters</li> </ul>	<b>Review:</b> Properties of indifference curves. <b>Read:</b> Pindyck & Rubinfeld Ch. 3, Salvatore Ch.3 (3.1-3.2), Perloff Ch.4 & App. 4A, Frank Ch.3, Hirshleifer Ch. 3(pp.70-73), Miller & Fische Ch.5, Besanko & Braeutigam Ch. 3 & 4. Griffiths & Wall Ch.1 (pp.-33)
1-3	2.2 Consumption Equilibrium and Changes in Equilibrium <ul style="list-style-type: none"> <li>▪ Consumption Equilibrium and Duality</li> <li>▪ Changes in Income</li> <li>▪ Changes in Price: Income Effect and Substitution Effect</li> <li>▪ Decomposition of Price Effect: Hickian Vs. Slutsky Approach</li> <li>▪ Compensated and Uncompensated Demand Curves</li> <li>▪ Slutsky Equation</li> <li>▪ Market Demand</li> <li>▪ Network Externalities</li> <li>▪ Application: Vouchers vs. Income Transfers</li> <li>▪ Concept of Revealed Preferences</li> </ul>	<b>Review:</b> Construction of demand curves, Elasticities. <b>Read:</b> Pindyck & Rubinfeld Ch. 4, Appendix; Salvatore Ch. 3 (3.4-3.5) Chs.4 -5, Perloff Ch. 5, Frank Ch.4-5, Appendix; Hirshleifer Ch.4,Ch.5 (pp.117-152), Besanko & Braeutigam Ch. 5, Miller & Fische Ch.4 (pp.119-120); Appendix 5A and Ch.6, Griffiths and Wall Ch.1 (pp.33-50), Ch.2, (pp.55-68) , Varian Ch. 7.8 & Ch. 8.  <b>Do:</b> The Interactive Excel Exercise in “02IncomeSubstitutionEffect.xls”
4	2.3 Intertemporal Consumption (Consumption Overtime) <ul style="list-style-type: none"> <li>▪ Time Preference and Time Value of Money</li> <li>▪ Intertemporal Choice Problem</li> <li>▪ Intertemporal Budget Constraint</li> <li>▪ Intertemporal Choice</li> <li>▪ Price Inflation &amp; Real Interest Rate</li> <li>▪ Comparative Statics</li> <li>▪ Application: Borrower Vs. Lender</li> </ul>	<b>Read:</b> Varian, Ch. 10, Salvatore Ch.16, Frank Ch.15 Appendix, Perloff Ch. 16, Hirshleifer Ch.14, Miller & Fische Ch.5 (pp.617-632), Pindyck & Rubinfeld Ch.15, Varian Ch. 10.  <b>Do:</b> The Interactive Excel Exercise in “04Intertemp.xls” file.
5	2.4 Uncertainty and Consumer Behavior <ul style="list-style-type: none"> <li>▪ Describing Risk</li> <li>▪ Preferences Toward Risk</li> <li>▪ Reducing Risk</li> <li>▪ The Demand for Risky Assets</li> <li>▪ Behavioral Economics</li> </ul>	<b>Read:</b> Pindyck & Rubinfeld Ch.5, Salvatore Ch.6, Perloff Ch.17 (17.1-17.2), Frank Ch.6 (pp.198-210), Miller & Fische Ch.5 (pp.644-649), Griffiths & Wall Ch.3 (pp.102-113), Besanko & Braeutigam Ch. 15 (15.1-15.4), Varian Ch. 12  <b>Watch:</b> Dan Ariely asks, Are we in control of our decisions? <a href="http://www.youtube.com/watch?v=9X68dm92HVI">http://www.youtube.com/watch?v=9X68dm92HVI</a>  The Truth About Dishonesty: <a href="http://www.youtube.com/watch?v=XBmJay_qdNc">http://www.youtube.com/watch?v=XBmJay_qdNc</a>  The Pain of Paying: The Psychology of Money:

		<p><a href="http://www.youtube.com/watch?v=PCujWv7Mc8o">http://www.youtube.com/watch?v=PCujWv7Mc8o</a></p> <p>Predictably Irrational - basic human motivations: Dan Ariely at TEDxMidwest:</p> <p><a href="http://www.youtube.com/watch?v=wfcro5iM5vw">http://www.youtube.com/watch?v=wfcro5iM5vw</a></p>
6-7	<p><b>3. Production and Costs</b></p> <p>3.1 Production</p> <ul style="list-style-type: none"> <li>▪ The Technology of Production</li> <li>▪ Production with One Variable Input (Labor)</li> <li>▪ Production with Two Variable Inputs</li> <li>▪ Homogeneous Production Functions and their Properties</li> <li>▪ Returns to Scale</li> <li>▪ Elasticity of Substitution</li> </ul> <p>3.2 Costs</p> <ul style="list-style-type: none"> <li>▪ Measuring Cost: Which Costs Matter?</li> <li>▪ Cost in the Short Run</li> <li>▪ Cost in the Long Run</li> <li>▪ Long-Run versus Short-Run Cost Curves</li> <li>▪ Production with Two Outputs-Economies of Scope</li> <li>▪ Dynamic Changes in Costs-</li> <li>▪ The Learning Curve</li> <li>▪ Estimating and Predicting Cost</li> </ul>	<p><b>Review:</b> All product and cost curves; e.g. AP, MP, TP, TC, AC, MC.</p> <p><b>Read:</b> Pindyck &amp; Rubinfeld Chs.6-7, Salvatore Chs. 7-8, Perloff Ch.6-7, Frank Chs.9-10 Miller &amp; Fishe Chs.8-9, Griffiths &amp; Wall Ch.4, Besanko &amp; Braeutigam Ch. 6-8</p> <p><b>Do:</b> The Interactive Excel Exercise in “05Prod&amp;Cost.xls” file.</p>
9	<p><b>4. Product Markets</b></p> <p>4.1 Perfectly competitive markets as a benchmark*</p> <ul style="list-style-type: none"> <li>▪ Perfectly Competitive Markets</li> <li>▪ Profit Maximization*</li> <li>▪ Marginal Revenue, Marginal Cost, and Profit Maximization*</li> <li>▪ Choosing Output in the Short Run*</li> <li>▪ The Competitive Firm’s Short-Run Supply Curve*</li> <li>▪ The Short-Run Market Supply Curve* <ul style="list-style-type: none"> <li>○ Producer surplus in the short run</li> <li>○ Producer surplus Vs. profit</li> </ul> </li> <li>▪ Choosing Output in the Long Run <ul style="list-style-type: none"> <li>○ Long Run Competitive Equilibrium</li> <li>○ Economic Rent</li> <li>○ Producer Surplus in the Long Run</li> </ul> </li> <li>▪ The Industry’s Long-Run Supply Curve <ul style="list-style-type: none"> <li>○ Constant Cost Industry</li> <li>○ Increasing Cost Industry</li> <li>○ Decreasing Cost Industry</li> <li>○ Long Run Elasticity of Supply</li> </ul> </li> </ul> <p><b>*Self-Review</b></p>	<p><b>Review:</b> Characteristics of perfectly competitive markets, price and output under perfect competition.</p> <p><b>Read:</b> Pindyck &amp; Rubinfeld Ch.8, Hirshleifer &amp; Glazer Ch.7 (pp.175-186), Salvatore Ch.9, (pp.240-248), Frank Ch.11, Miller and Fishe Ch.10, Griffiths and Wall Ch.6, Perloff Ch. 8, Besanko &amp; Braeutigam Ch. 9.</p> <p><b>Do:</b> The Interactive Excel Exercise in “06Competitive.xls” file.</p>
9-10	<p>4.2 Monopoly</p> <ul style="list-style-type: none"> <li>▪ Price and Output Determination</li> <li>▪ A Rule of Thumb for Pricing</li> <li>▪ The Multiplant Firm</li> </ul>	<p><b>Review:</b> Simple monopoly</p> <p><b>Read:</b> Pindyck &amp; Rubinfeld Ch.10 (10.1-10.4 and 10.7) &amp; Ch.11, Perloff Ch.11,12; Salvatore Ch.10 &amp; Ch.13, Frank Ch.12, Miller &amp;</p>

	<ul style="list-style-type: none"> <li>▪ Measuring Monopoly Power: Lerner Index</li> <li>▪ Source of Monopoly Power</li> <li>▪ The Social Costs of Monopoly Power <ul style="list-style-type: none"> <li>○ Rent Seeking</li> <li>○ Price Regulation</li> <li>○ Natural Monopoly</li> <li>○ Regulation in Practice</li> </ul> </li> <li>▪ Limiting Market Power</li> <li>▪ Other pricing Strategies <ul style="list-style-type: none"> <li>○ Price Discrimination: Degrees and Hurdles</li> <li>○ Two-Part Tariffs</li> <li>○ Bundling</li> </ul> </li> </ul>	<p>Fishe Ch.11-12, Hirshleifer Ch.8, Griffiths and Wall Ch.7, Besanko &amp; Braeutigam Ch. 11.1-11.6 &amp; 12.</p> <p><b>Do:</b> The Interactive Excel Exercise in “07Price Discrim.xls” file.</p>
11	<p>4.3 Monopolistic competition</p> <ul style="list-style-type: none"> <li>▪ characteristics of monopolistic competition</li> <li>▪ equilibrium price and output in the short run and long run</li> <li>▪ implications on resource allocation</li> </ul>	<p><b>Read:</b> Frank Ch.13, Pindyck &amp; Rubinfeld Ch.12.1, Perloff 13.7, Besanko &amp; Braeutigam Ch. 13.5; Miller &amp; Fishe Ch.13 (pp.515-523), Salvatore Ch. 11 (11.1-11.2)</p>
11-13	<p>4.4 Oligopoly</p> <ul style="list-style-type: none"> <li>• Meaning of Oligopoly</li> <li>• Game theory and its Application to oligopolistic markets <ul style="list-style-type: none"> <li>○ Introduction</li> <li>○ Equilibrium Concept: <ul style="list-style-type: none"> <li>▪ Dominant strategy</li> <li>▪ Elimination of Dominated Strategies</li> <li>▪ Equilibrium in Dominant Strategy</li> <li>▪ Nash Equilibrium</li> <li>▪ Maximin</li> </ul> </li> <li>○ Prisoners’ Dilemma</li> <li>○ Hotelling Model: A Beach Location Game</li> <li>○ Matching pennies</li> <li>○ The Battle of the Sexes</li> <li>○ Sequential Games</li> <li>○ Cournot Model (1838)</li> <li>○ Bertrand Model (1883) <ul style="list-style-type: none"> <li>▪ Price Competition with Homogeneous Products</li> <li>▪ Price Competition with Differentiated Products</li> </ul> </li> <li>○ Stackelberg Model (1934)</li> <li>○ Threats, Commitment, and Credibility</li> <li>○ Entry Deterrence</li> <li>○ Collusion and Cartel</li> </ul> </li> <li>• Implications of the Prisoners’ Dilemma for Oligopolistic Pricing <ul style="list-style-type: none"> <li>○ Price Rigidity &amp; Kinked Demand Curve Model</li> </ul> </li> </ul>	<p><b>Read:</b> Pindyck and Rubinfeld Ch.12.2-12.6 &amp; Ch.13, Osborne, Hirshleifer Ch.10, Salvatore Ch.11 (11.3-11.8) Ch. 12 , Frank Ch.13, Miller &amp; Fishe Ch.13 (pp.526-557), Perloff Ch. 13,14; Besanko &amp; Braeutigam Ch. 13.1-13.4 &amp; 14; Chiang, Fundamental Methods of Mathematical Economics, Ch. 21.</p> <p><b>Do:</b> The Interactive Excel Exercise in “08Duopoly.xls” file.</p> <p><b>Watch:</b> “A Beautiful Mind”</p>

	<ul style="list-style-type: none"> <li>○ Price Signaling and Price Leadership</li> <li>○ The Dominant Firm Model</li> <li>● Cartels</li> </ul>	
14-15	<p><b>5. Factor Markets</b></p> <p>5.1 Competitive factor markets</p> <ul style="list-style-type: none"> <li>● demand for a factor ( cases of one variable input and several variable inputs )</li> <li>● supply of inputs to a firm and market supply of inputs</li> <li>● price and quantity of factor employed</li> </ul>	<p><b>Read:</b> Pindyck &amp; Rubinfeld Ch.14.1-14.2,Hirshleifer Ch.11, Salvatore Ch. 14, Frank Ch.14, Miller &amp; Fische Ch.14 (pp.565-592),Griffiths &amp; Wall Ch.9 (pp.379-383), Perloff Ch.5 (5.5), 15 (15.1).</p>
14-15	<p>5.2 Factor Markets with Monopoly and Monopsony Power</p> <ul style="list-style-type: none"> <li>● marginal revenue product</li> <li>● marginal and average factor cost</li> <li>● price and quantity of factor employed</li> </ul>	<p><b>Read:</b> Pindyck and Rubinfeld Ch. 10.5-10.6 &amp; Ch.14.3, Hirshleifer Ch.11 (pp.333-341), Frank Ch.14, Miller &amp; Fische Ch.14 (pp.595-599), Griffiths &amp; Wall Ch.9 (pp.383-385), Salvatore Ch.15, Perloff Ch. 15 (15.2, 15.3); Besanko &amp; Braeutigam Ch. 11.7.</p> <p><b>Do:</b> The Interactive Excel Exercise in “10Monopsony.xls” file.</p>
14-15	<p>5.3 Factor Markets with Monopoly Power of Seller of Input</p> <ul style="list-style-type: none"> <li>● monopoly power over the wage rate</li> <li>● price and quantity of factor employed</li> <li>● bilateral monopoly</li> </ul>	<p><b>Read:</b> Pindyck &amp; Rubinfeld Ch.14.4, Hirshleifer Ch.12 (12.4) (pp.356-363), Salvatore Ch.15, Miller &amp; Fische Ch.14 (pp.599-606)</p>
15	<p>5.4 Economic Rent</p> <ul style="list-style-type: none"> <li>● meaning of economic rent</li> <li>● rent-seeking behavior and resource allocation</li> </ul>	<p><b>Read:</b> Pindyck and Rubinfeld Ch.14 (pp.529-532), Frank Ch.15 (pp.569-70), Hirshleifer Ch.12 (12.7), Miller &amp; Fische Ch.14 (pp.588-589), Griffiths &amp; Wall Ch.9 (pp.400-404), Besanko &amp; Braeutigam Ch. 9.5</p>
16	<p><b>6. General Equilibrium Analysis and Welfare Economics</b></p> <p>6.1 General Equilibrium: consumption, production, and exchange</p> <ul style="list-style-type: none"> <li>● welfare criteria</li> <li>● Pareto optimum and efficiency</li> <li>● perfect competition and Pareto optimum</li> <li>● welfare maximization and Pareto optimum conditions</li> </ul>	<p><b>Read:</b> Pindyck &amp; Rubinfeld Ch.16 (16.1-16.4, 16.6), Hirshleifer Ch.15 (15.2), Miller &amp; Fische Ch.16, Salvatore Ch.17, Frank Ch.16, Griffiths &amp; Wall Ch.9 (pp.421-433), Perloff Ch. 10; Besanko &amp; Braeutigam Ch. 16.1-16.4.</p> <p><b>Do:</b> The Interactive Excel Exercise in “11EdgeworthBox.xls” file.</p>
16	<p>6.2 Market Failure and Imperfections</p> <ul style="list-style-type: none"> <li>● imperfect competition, externalities, public goods, and asymmetric information</li> <li>● correction of failure and imperfections: government or private sector</li> </ul>	<p><b>Read:</b> Pindyck &amp; Rubinfeld Ch.16 (16.7) &amp; Chs.17-18, Hirshleifer Ch.15 (15.3), Miller &amp; Fische Ch.17, Salvatore Chs.18-19, Frank Chs.17-18, Griffiths &amp; Wall Ch.9 (pp.433-437) &amp; Ch.11, Perloff Ch. 18,19, Besanko &amp; Braeutigam Ch. 17</p> <p><b>Watch:</b> “An Inconvenient Truth”, “Inside Job”</p>

**Student Evaluation:**

Homeworks and Quizzes	5%
Mid-term examination	40%
Final examination	55%

**Grading Criteria:**

A	= 4.0 (90 – 100)	Excellent
B+	= 3.5 (85 – 89)	Very Good
B	= 3.0 (80 – 84)	Good
C+	= 2.5 (70 – 79)	Fair
C	= 2.0 (60 – 69)	Adequate
D+	= 1.5 (55 – 59)	Poor
D	= 1.0 (50 – 54)	Very Poor
F	= 0.0 (<49)	Fail

**Academic Honesty:**

You are expected to be honest in all of your academic work. Copying is plagiarism and will be treated as an honor code violation. Potential sanctions include failure in the course: “F” and suspension from the university.

**Academic Schedule of Semester 2/2014 (Jan-May 2015):**

<b>Class begins</b>	January 12
<b>Adding and Dropping Course W/O Record</b>	January 12-26
<b>Midterm Exam period</b>	March 2-8
<b>EE311 Midterm Exam</b>	<b>Sunday, March 8, 11.00-13.00</b>
Course Withdrawal with “W”	March 18-23
Last day of class	May 10
<b>Final Exam Period</b>	May 12-26
<b>EE311 Final Exam</b>	<b>Thursday, May 14, 09.00-12.00</b>

## **Course and Teaching Evaluation and Improvement:**

The Program has set policies related to course and teaching evaluation and improvement as follows:

### **1. Strategies for course evaluation by students:**

There will be two evaluations per course: Mid-semester and end-of-semester course evaluations. The course evaluation will be administered by BBA staff with the instructor absent from the classroom. The instructor will receive feedback from students in the following key areas:

- Class preparation
- Teaching capability
- Appropriateness of activities or assignments
- Encouragement of Class discussion
- Opportunity to ask questions
- Encouragement of independent study and additional practices
- Benefits of the course

Course evaluation will be summarized and returned to the instructor after the grades are sent to the Program. Moreover, the course evaluation of each instructor of every course offered will be reviewed by BBA Operating Committee.

### **2. Evaluation strategies in teaching methods:**

The effectiveness of teaching methods will be evaluated from the students' accomplishments such as participation, assignments, and exams.

### **3. Improvement of teaching methods:**

The instructor will use the feedbacks from 2. above to improve the teaching methods.

### **4. Evaluation of students' desire learning outcomes:**

After receiving the feedback from the mid-semester course evaluation and students' assessments, the instructor revises the teaching methods to ensure that the desired learning outcomes are achieved.

### **5. Review and improvement for better outcomes:**

A summary of course evaluation for each course will be supplied to course instructor. The Program will use the feedback to improve the curriculum structure and course content in the regular curriculum revision cycle.

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*The purpose of studying economics is not to acquire a set of ready-made answers to economic questions, but to learn how to avoid being deceived by economists.*

Joan Robinson

(October 31, 1903 in Surrey – August 5, 1983 in Cambridge)