



Course Outline

EE311 Microeconomic Theory (Section 046402)

Semester 2/2025 (January 5 – May 2, 2026)

Lecture Time: Wednesday and Friday, 13.00-15.00 hours

Lecture Venue: 303

Teaching Materials Platform: Google Classroom, class code: 77bobgg4

Instructor:

Name: Dr Krit Phankitnirundorn

Office Hours: Friday, 13.00-14.00 or by Room 13 Faculty of Economics, Tha Prachan Campus

Email: kritpk@econ.tu.ac.th

Number of Credit: 4 Credits (4-0-8)

Prerequisite: EE211 (or EE213) and MA216 (or MA211)

Course Description:

Consumer behavior focusing on indifference curve analysis, intertemporal consumption, consumption and risks. Theory of production and cost, the birth of the firm using information cost, structure and behavior of imperfect competitive markets which are monopoly, monopolistic competition and duopoly markets. Introduction to game theory. Price setting in practice. Price determination in factor markets, general equilibrium analysis, welfare Economics, market failures and measures to correct.

Course Objectives:

1. Understand and able to apply the consumer behavior and demand theory.
2. Understand and be able to explain the relationship between inputs and output in the short run and long run. Understand types of cost curves and their properties as well as understanding the relationship between production and costs.
3. Know the characteristics of each type of product market structure. Know how to determine the equilibrium price and quantity for each market structure.
4. Know how to determine the equilibrium price and quantity for each type of factor market.

5. Understand the three general equilibrium conditions and the Pareto optimality concept.
6. Understand the factors that lead to market failure and the way to solve the market failure.

Method of Instruction:

There are a total of 60 class hours for this course or 4 hours per week. Class activities each week will consist of three hours of lectures, and one hour of discussions, exercises, and quizzes. Students are expected to work on about four 15-minute quizzes during class hours and participate in class discussions.

Student Evaluation:

Quizzes/assignments	15%
Mid-term examination	40%
Final examination	45%

Important Dates

Add-Drop period	January 5-18, 2026
Midterm	Wed., February 25; 15.00-18.00
Final	Mon, May 11; 09.00-12.00
Last day for course withdrawal	March 15, 2026

Learning Management and Evaluation

CLOs	Learning Management	Evaluation Method
CLO K1 K2 K4 Able to analyze and propose solutions to economic problems using economic theory and tools, and apply such knowledge effectively in practical work settings.	<ul style="list-style-type: none"> • Lecture • Case study • Self-directed learning through in-class activities and assignments 	<ul style="list-style-type: none"> • Written exam (85%) • Assignments/quizzes (15%)
CLO S1 S2 Able to select and apply appropriate tools, such as demand and cost theory, pricing, and game theory, to solve economic problems.	<ul style="list-style-type: none"> • Lecture • Case study • Self-directed learning through in-class activities and assignments 	<ul style="list-style-type: none"> • Written exam (85%) • Assignments/quizzes (15%)
CLO E1 Adheres to academic ethics and properly cites academic work.	<ul style="list-style-type: none"> • Self-directed learning through in-class activities and assignments 	<ul style="list-style-type: none"> • Proper citation of sources (included in the 15%)
CLO E3 Able to assess ethical impacts on society, resource distribution, and sustainability, and capable of recommending economic decisions and	<ul style="list-style-type: none"> • Lecture • Case study • Self-directed learning through in-class activities and assignments 	<ul style="list-style-type: none"> • Written exam (85%) • Ethical analysis and recommendations in assignments and quizzes (15%)

CLOs	Learning Management	Evaluation Method
designing policies with social responsibility in mind.		
CLO C1 Able to complete assignments/quizzes.	<ul style="list-style-type: none"> Self-directed learning through in-class activities and assignments 	<ul style="list-style-type: none"> Assignments/quizzes (15%)
CLO C2 C4 Possesses creativity, accepts differing opinions, plans work systematically, and continuously develops oneself.	<ul style="list-style-type: none"> Self-directed learning through in-class activities and assignments 	<ul style="list-style-type: none"> Development of the assignments based on feedback (included in the 15%)

Main Text:

There are several textbooks that cover similar materials. **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 materials 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) **Besanko, David, and Ronald R. Braeutigam, *Microeconomics: An Integrated Approach*, (4th ed.) New York: John Wiley & Sons, 2014.**
- 2) **Pindyck, Robert S. and Daniel E. Rubinfeld. *Microeconomics*, (9th ed.), New Jersey: Prentice-Hall, 2018.**
- 3) **Perloff, *Microeconomics*, (8th ed.) Boston: Pearson, 2018.**
- 4) Salvatore, Dominick, *Microeconomics: Theory and Applications*, (5th ed.), New York: Oxford University Press. 2008.
- 5) Frank, Robert H. (8th ed.). *Microeconomics and Behavior*, New York: McGraw-Hill, 2010.
- 6) Miller, R.L., and R.P.H. Fishe. *Microeconomics: Price Theory in Practice*, New York: Harper Collins, 1995.
- 7) Hirshleifer, Jack *Price Theory and Applications* (6th ed.), New Jersey: Prentice - Hall, 1998.
- 8) Griffiths, Alan and Stuart Wall, *Microeconomics: Theory & Applications*, London: Longman, 2000.
- 9) Nicholson, Walter and Christopher M. Snyder, *Intermediate Microeconomics and Its Application*, (11th ed.), Dryden Press, 2009.
- 10) Varian, Hal *Intermediate Microeconomics*, (5th ed.) New York: Norton, 1999.

Suggested Readings (For fun):

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

Harford, Tim, *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.

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

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

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

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

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)

Suggested Movies and useful links:

Movies

- "A Beautiful Mind" Universal Studios, 2001.
- "An Inconvenient Truth", 2006.
- "Inside Job", 2010.

Links

- Student Resources for Frank's text: http://highered.mcgraw-hill.com/sites/0073375942/student_view0/index.html
- Nobel Prize in Economic Sciences: 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>

Teaching Plan (Subject to change):

1. Introduction

1.1 Why Study Microeconomics?

Application of Demand and Supply concepts: government intervention

Review: Concepts of consumer and producer surplus.

Read: Besanko & Braeutigam Chs. 2 & 9, Pindyck & Rubinfeld Chs. 2 and 9, Perloff Chs.2,3,9, Frank Ch. 2, Salvatore Ch.2. Miller & Fishe Ch. 3, and newspaper articles!

2. Consumer Behavior and Demand Theory

2.1 Indifference Curve Analysis

- assumptions
- analysis of goods, bads, neuters

Review: Properties of indifference curves.

Read: Besanko & Braeutigam Ch. 3 & 4., Pindyck & Rubinfeld Ch. 3, Perloff Ch.4 & App. 4A, Salvatore Ch.3 (3.1-3.2), Frank Ch.3, Hirshleifer Ch. 3(pp. 70-73), Miller & Fishe Ch.5, Griffiths & Wall Ch.1 (pp.-33).

2.2 Consumption equilibrium and changes in equilibrium

- consumption equilibrium and duality
- changes in income
- changes in price: income effect and substitution effect
- compensated and uncompensated demand curves
- market demand
- network externalities
- application: vouchers vs. income transfers
- revealed preferences, index numbers, and welfare changes

Review: Construction of demand curves, elasticities.

Read: Besanko & Braeutigam Ch. 5, Pindyck & Rubinfeld Ch. 4, Appendix, Perloff Ch. 5; Salvatore Ch 3 (3.4-3.5) Chs.4 -5, Frank Ch.4-5, Appendix; Hirshleifer Ch.4,Ch.5 (pp.117-152), Miller & Fishe 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.

2.3 Intertemporal consumption (consumption overtime)

- time preference and time value of money
- cases: regular income, productive opportunities, inheritance
- supply of saving
- consumption and pricing of durable goods and non-renewable resources

Read: Pindyck & Rubinfeld Ch.15, Perloff Ch. 16, Salvatore Ch.16, Frank Ch.15 Appendix, Hirshleifer Ch.14. Miller & Fishe Ch.5 (pp.617-632), Varian Ch. 10.

2.4 Consumption under uncertainty

- expected utility
- preference toward risk
- gambling and insurance
- The Demand for Risky Assets

Read: Besanko & Braeutigam Ch. 15 (15.1-15.4), Pindyck & Rubinfeld Ch.5, Perloff Ch.17 (17.1-17.2), Salvatore Ch.6, Frank Ch.6 (pp.198-210), Miller & Fiske Ch.5 (pp.644-649), Griffiths & Wall Ch.3 (pp.102-113).

3. Transactions Costs and Institutional Economics

- costs of market exchange
- components of transaction costs
- optimal search
- meaning of “institutions”
- origin of firms, an example of an institution
- rules, behavior and objectives of the firm
- profit maximization
- utility maximization and satisficing

Read: Miller & Fiske Ch.7, Frank Ch.6 Appendix, Griffiths and Wall Ch.5, Baumol W.J.Economic Theory and Operations Analysis, 4th ed.(Prentice – Hall) 1977, Ch.15, Kreps, A Course in Microeconomic Theory, (Harvester Wheatsheaf) 1990, Ch. 20, Coase “The Nature of the Firm”, *Economica*, 4:386-405, 1937, Stigler, “The Economics of Information”, *Journal of Political Economy*, 69:3, 1961.

4. Production and Costs

4.1 Production equilibrium

- least cost combination
- duality in production
- relationship between product curves and cost curves

4.2 Production functions and costs

- homogeneous production functions and their properties
- returns to scale
- elasticity of substitution

Review: All product and cost curves; e.g. AP, MP, TP, TC, AC, MC.

Read: Besanko & Braeutigam Ch. 6-8, Pindyck & Rubinfeld Chs.6-7, Perloff Ch.6-7, Salvatore Chs. 7-8, Frank Chs.9-10, Miller & Fiske Chs.8-9, Griffiths & Wall Ch.4.

5.Product Markets

5.1 Perfectly competitive markets

- long-run equilibrium and efficiency

Review: Characteristics of perfectly competitive markets, price and output under perfect competition.

Read: Besanko & Braeutigam Ch. 9, Pindyck & Rubinfeld Ch.8, , Perloff Ch. 8, Hirshleifer & Glazer Ch.7 (pp.175-186), Salvatore Ch.9, (pp.240-248), Frank Ch.11, Miller and Fische Ch.10, Griffiths and Wall Ch.6.

5.2 Monopoly

- meaning of market power
- price and output determination
- multi-plant monopoly
- monopoly and resource allocation
- regulation of monopolies and contestable markets
- other pricing strategies
- price discrimination: degrees and hurdles
- two-part tariffs and other strategies

Review: Simple monopoly

Read: Besanko & Braeutigam Ch. 11.1-11.6 & 12, Pindyck & Rubinfeld Ch.10 (10.1-10.4 and 10.7) & Ch.11, Perloff Ch.11,12; Salvatore Ch.10 & Ch.13, Frank Ch.12, Miller & Fische Ch.11-12, Hirshleifer Ch.8, Griffiths and Wall Ch.7.

5.3 Monopolistic competition

- characteristics of monopolistic competition
- equilibrium price and output in the short run and long run
- implications on resource allocation

Read: Besanko & Braeutigam Ch. 13.5, Pindyck & Rubinfeld Ch.12.1, Perloff 13.7, Frank Ch.13, Miller & Fische Ch.13 (pp.515-523), Salvatore Ch. 11 (11.1-11.2)

5.4 Oligopoly

- meaning of oligopoly
- various models of oligopoly:
 - kinked demand
 - collusion and cartel
 - Cournot, Bertrand and Stackelberg
 - price leadership or dominant firm
 - game theory and its application to oligopolistic markets
- introduction
- equilibrium: Dominant strategy, Nash equilibrium, Maximin
- Prisoners' dilemma
- sequential games
- Strategic moves: entry deterrence

Read: Besanko & Braeutigam Ch. 13.1-13.4 & 14, Pindyck and Rubinfeld Ch.12.2-12.6 & Ch.13, Perloff Ch. 13,14, Hirshleifer Ch.10, Salvatore Ch.11 (11.3-11.8) Ch. 12, Frank Ch.13, Miller & Fische Ch.13 (pp.526-557); Chiang, Fundamental Methods of Mathematical Economics, Ch. 21.

6. Factor Markets

6.1 Competitive factor markets

- demand for a factor (cases of one variable input and several variable inputs)
- supply of inputs to a firm and market supply of inputs
- price and quantity of factor employed

Read: Pindyck & Rubinfeld Ch.14.1-14.2, Perloff Ch.5 (5.5), 15 (15.1). Hirsheifer Ch.11, Salvatore Ch. 14, Frank Ch.14, Miller & Fische Ch.14 (pp.565-592), Griffiths & Wall Ch.9 (pp.379-383).

6.2 Factor Markets with Monopoly and Monopsony Power

- marginal revenue product
- marginal and average factor cost
- price and quantity of factor employed

Read: Besanko & Braeutigam Ch. 11.7, Pindyck and Rubinfeld Ch. 10.5-10.6 & Ch.14.3, Perloff Ch. 15 (15.2, 15.3), Hirshleifer Ch.11 (pp.333-341), Frank Ch.14, Miller & Fische Ch.14 (pp.595-599), Griffiths & Wall Ch.9 (pp.383-385), Salvatore Ch.15.

6.3 Factor Markets with Monopoly Power of Seller of Input

- monopoly power over the wage rate
- price and quantity of factor employed
- bilateral monopoly

Read: Pindyck & Rubinfeld Ch.14.4, Hirshleifer Ch.12 (12.4) (pp.356-363), Salvatore Ch.15, Miller & Fische Ch.14 (pp.599-606).

6.4 Economic Rent

- meaning of economic rent
- rent-seeking behavior and resource allocation

Read: Besanko & Braeutigam Ch. 9.5, Pindyck and Rubinfeld Ch.14 (pp.529-532), Frank Ch.15 (pp.569-70), Hirshleifer Ch.12 (12.7), Miller & Fische Ch.14 (pp.588-589), Griffiths &

7. General Equilibrium Analysis and Welfare Economics

7.1 General Equilibrium: consumption, production, and exchange

- welfare criteria
- Pareto optimum and efficiency

- perfect competition and Pareto optimum
- welfare maximization and Pareto optimum conditions

Read: Besanko & Braeutigam Ch. 16.1-16.4, Pindyck & Rubinfeld Ch.16 (16.1-16.4, 16.6), Perloff Ch. 10, Hirshleifer Ch.15 (15.2), Miller & Fishel Ch.16, Salvatore Ch.17, Frank Ch.16, Griffiths & Wall Ch.9 (pp.421-433).

7.2 Market Failure and Imperfections

- imperfect competition, externalities, public goods, and asymmetric information
- correction of failure and imperfections: government or private sector

Read: Besanko & Braeutigam Ch. 17, Pindyck & Rubinfeld Ch.16 (16.7) & Chs.17-18, Perloff Ch. 18,19, Hirshleifer Ch.15 (15.3), Miller & Fishel Ch.17, Salvatore Chs.18-19, Frank Chs.17-18, Griffiths & Wall Ch.9 (pp.433-437) & Ch.11.

Watch: "An Inconvenient Truth", "Inside Job"

Tentative Learning Activities:

Class No.	Date	Topics
1	Jan 7	Application of Demand and Supply concepts: government intervention
2	Jan 9	Application of Demand and Supply concepts: government intervention
3	Jan 14	Consumer Behavior and Demand Theory: Indifference Curve Analysis
4	Jan 16	Consumption equilibrium and Changes in equilibrium
5	Jan 21	Applications: vouchers vs. income transfers, revealed preferences, index numbers
6	Jan 23	Intertemporal consumption
7	Jan 28	Intertemporal consumption (HW1)
8	Jan 30	Consumption under uncertainty
9	Feb 4	Consumption under uncertainty (Quiz1)
10	Feb 6	Production and Costs
11	Feb 11	Production and Costs (HW2)
12	Feb 13	Perfectly competitive markets
13	Feb 18	Monopoly
14	Feb 20	Monopoly
Midterm Examination: Wednesday, February 25, 15.00-18.00		
15	Mar 4	Pricing strategies
16	Mar 6	Pricing strategies
17	Mar 11	Monopolistic competition and Oligopoly
18	Mar 13	Various models of oligopoly
19	Mar 18	Various models of oligopoly (Quiz2)
20	Mar 20	Game theory and its application
21	Mar 25	Game theory and its application (HW3)
22	Mar 27	Factor Markets
23	Apr 1	Factor Markets
24	Apr 3	Factor Markets (HW4)
25	Apr 8	General Equilibrium Analysis
26	Apr 10	General Equilibrium Analysis
27	Apr 22	General Equilibrium Analysis and Market Failure and Imperfections (Quiz3)
28	Apr 24	Market Failure and Imperfections
29	Apr 29	Market Failure and Imperfections (Quiz4)
30	May 1	Review
Final Examination: Monday, May 11, 09.00-12.00		

