



Course Syllabus

EE 311 Microeconomics Theory (Section 046402)

Semester: 1/2023 (August 15 - December 4, 2023)

Lecture Time: Wednesday and Friday, 13.00-15.00 hours

Lecture Venue: Room 304

Teaching Materials Platform: Google Classroom

Instructor: Mr. Pongpalin Yingchoncharoen

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Office hours: By appointment

Course Description:

Prerequisites: EE 211 and MA 216

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.

Objectives of the course:

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 the 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 in 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/assignment	15%
Mid-term examination	40%
Final examination	45%

Important Dates

Add-Drop period	August 15 – 28, 2023
Midterm	Wed, October 4, 2023; 15.00 - 17.30 hrs.
Final	Sat, December 16, 2023; 13.30 - 16.30 hrs.
Last day for course withdrawal	22 October, 2023

Expected Learning Outcomes**1. Morality and Ethics EE311**

Applicability	Expected Learning Outcomes	Evaluation Method
●	1. Students demonstrate integrity.	Exercises and quizzes
○	2. Students prioritize social and public benefits over personal ones.	
●	3. Students are punctual and comply with the code of conduct of the institution and society at large.	
○	4. Students are responsible and accountable to society, the nation, and the subject of economics.	
○	5. Students realize the cultural and environmental value of a sustainable society.	

2. Knowledge

Applicability	Expected Learning Outcomes	Evaluation Method
●	1. Students know and understand modern economics principles and theories, and are up to date with new developments.	Exercises, quizzes, and exams
●	2. Students know and understand Thai and global economic structure and the importance of major international economic events.	
●	3. Students know and understand the instruments of economic analysis.	
●	4. Students know and understand applied fields in economics, including monetary, public, international, business, natural resource, and environmental, industrial, agricultural, cooperative, political, developmental,	

	and entrepreneurial economics as well as agribusiness.	
○	5. Students are informed about related fields including sociology, business administration, education, law policy, and science.	

3. Intellectual Development

Applicability	Expected Learning Outcomes	Evaluation Method
●	1. Students have developed individual critical thinking.	Exercises
●	2. Students are sufficiently trained in research skills.	
●	3. Students demonstrate an ability to analyze and synthesize data, as well as appropriately integrate economics concepts to understand the causes of current economic problems in Thailand. Based on analysis and synthesis, students demonstrate an ability to propose policy guidelines to resolve problems.	

4. Interpersonal Skills and Responsibilities

Applicability	Expected Learning Outcomes	Evaluation Method
●	1. Students are responsible for assigned tasks and work in groups effectively.	Exercises, quizzes, discussion
●	2. Students have problem-solving skills.	
○	3. Students show leadership skills and team spirit.	
●	4. Students are always improving themselves.	
○	5. Students have good interpersonal skills, adapt, and work under different conditions.	

5. Quantitative Analysis, communication, and information technology

Applicability	Expected Learning Outcomes	Evaluation Method
○	1. Students select and apply appropriate statistical and mathematical methods for data processing, interpretation, conclusions, and recommendations to resolve problems.	Exercises, quizzes, discussion
○	2. Students communicate effectively and select appropriate presentation methods.	

○	3. Students use information and communication technologies appropriately to gather data as well as process, interpret, and present results.	
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Remark: ● Primary expected outcome ○ Secondary expected

Main Textbooks

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.

Supplementary Reading (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)

Movies:

“A Beautiful Mind” Universal Studios, 2001.

“An Inconvenient Truth”, 2006.

“Inside Job”, 2010.

Some Useful 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.

2. Consumer Behavior and Demand Theory

2.1 Indifference Curve Analysis

assumptions

analysis of goods, bads, neutrals

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 & Fiske 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 & Fiske 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.

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 transactions 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 Fiske 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 & Fiske 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 & Fiske 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 & Fiske Ch.13 (pp.526-557); Chiang, Fundamental Methods of Mathematical Economics, Ch. 21.
Watch: "A Beautiful Mind"

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), Hirshleifer Ch.11, Salvatore Ch. 14, Frank Ch.14, Miller & Fiske 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 & Fiske 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 & Fishe 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 & Fishe Ch.14 (pp.588-589), Griffiths & Wall Ch.9 (pp.400-404).

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 & Fishe 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 & Fishe 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”

Teaching Plan:

No.	Topics
1 Aug 16	Application of Demand and Supply concepts: government intervention
2 Aug 18	Application of Demand and Supply concepts: government intervention
3 Aug 23	Consumer Behavior and Demand Theory: Indifference Curve Analysis
4 Aug 25	Consumption equilibrium and Changes in equilibrium
5 Aug 30	Applications: vouchers vs. income transfers, revealed preferences, index numbers
6 Sep 1	Intertemporal consumption
7 Sep 6	Intertemporal consumption
8 Sep 8	Consumption under uncertainty
9 Sep 13	Consumption under uncertainty
10 Sep 15	Production and Costs
11 Sep 20	Production and Costs
12 Sep 22	Perfectly competitive markets
13 Sep 27	Monopoly
14 Sep 29	Monopoly
Midterm: Wednesday, October 4, 2023; 15.00 - 17.30 hrs.	
15 Oct 11	Pricing strategies
Oct 13	Chulalongkorn Day, No class
16 (TBA)	Pricing strategies
17 Oct 18	Monopolistic competition and Oligopoly
18 Oct 20	Various models of oligopoly
19 Oct 25	Various models of oligopoly
20 Oct 27	Game theory and its application
21 Nov 1	Game theory and its application
22 Nov 3	Factor Markets
23 Nov 8	Factor Markets
24 Nov 10	Factor Markets
25 Nov 15	General Equilibrium Analysis
26 Nov 17	General Equilibrium Analysis
27 Nov 22	General Equilibrium Analysis and Market Failure and Imperfections
28 Nov 24	Market Failure and Imperfections
29 Nov 29	Market Failure and Imperfections
30 Dec 1	Market Failure and Imperfections
Final Examination: Saturday, December 16, 2023; 13.30 - 16.30 hrs.	

ACADEMIC CALENDAR & HOLIDAY SEMESTER 1/2023

Semester 1/2023 (August 15 – December 4, 2023)	
<i>the TU Office of the Registrar (TU REG) will process the registration (semester 1/2023) for all BE students who have completed the pre-registration via BE Portal.</i>	July 17 – 20, 2023
Tuition Fee Payment Period (Via TU Greats App)	July 21 – August 11, 2023
Create Plan from Quota via TU Greats App (*ID.66)	August 1 - 9, 2023
Registration via TU Greats App (*ID.66)	August 10, 2023
Classes Begin	August 15, 2023
Add-drop period	August 15 – 28, 2023 <i>(from 9.00 AM of August 15 to 10.30 PM of August 28)</i>
Tuition Fee Payment Period (Via TU Greats App)	August 15 – 29, 2023 <i>(9 AM - 10.30 PM)</i>
Mid-term Examination Period	October 1 – 7, 2023
<i>H.M. King Bhumibol Adulyadej The Great Memorial Day*</i>	<i>October 13, 2023</i>
<i>King Chulalongkorn's Day*</i>	<i>October 23, 2023</i>
Withdrawal period with "W" on record	September 4 – October 22, 2023 <i>(from 9.00 AM of September 4 to 10.30 PM of October 22)</i>
Special Withdrawal with "w" on record	October 24 – November 20, 2023
Last day of class for Semester 1/2023	December 4, 2023
Final exam period	December 12 – 23, 2023
<i>H.M. King Bhumibol Adulyadej The Great's Birthday*</i>	<i>December 5, 2023</i>
<i>Constitution Day*</i>	<i>December 10, 2023</i>
<i>Substitution for Constitution Day*</i>	<i>December 11, 2023</i>
Submitting Forms for Degree Conferral	August 15 – 28, 2023

Remark * Holiday, No classes during this period
Updated: July 24, 2023