



B.E. International Program

Faculty of Economics, Thammasat University



Course Outline

EE 311 Microeconomics Theory (Section 046401)

Semester: 2/2018 (January 14 – May 12, 2019)

Instructor:



Asst. Prof. Dr. Phongthorn Wrasai (Section 046401)

Office: Room 471, 4th Floor (Prachan Campus) or B.E. Director Office, 5th Floor.

E-mail: pwrasai@gmail.com, pwrasai@econ.tu.ac.th

Office Hours: by appointment

Class Schedule: Wednesdays and Fridays at 11.00 – 13.00 hrs.

Class Room: Room 303, Faculty of Economics

Prerequisites: *EE 211 and MA 216*

Course Description: Demand and supply analysis, consumer behavior and demand theory, production and cost of production, different types of product market structures, price determination in factor markets, decision-making over time, general equilibrium analysis, and introductory welfare economics and public policy.

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.

Evaluation:

Pre-Class Reading and Doing Pre-Class Exercises	10 %
Homework Assignments	10 %
Quizzes	10 %
Midterm	30 %
Final	40 %

Mid-term examination 30 % (Wednesday, March 6, 2019, 12.00-14.30 hrs.)

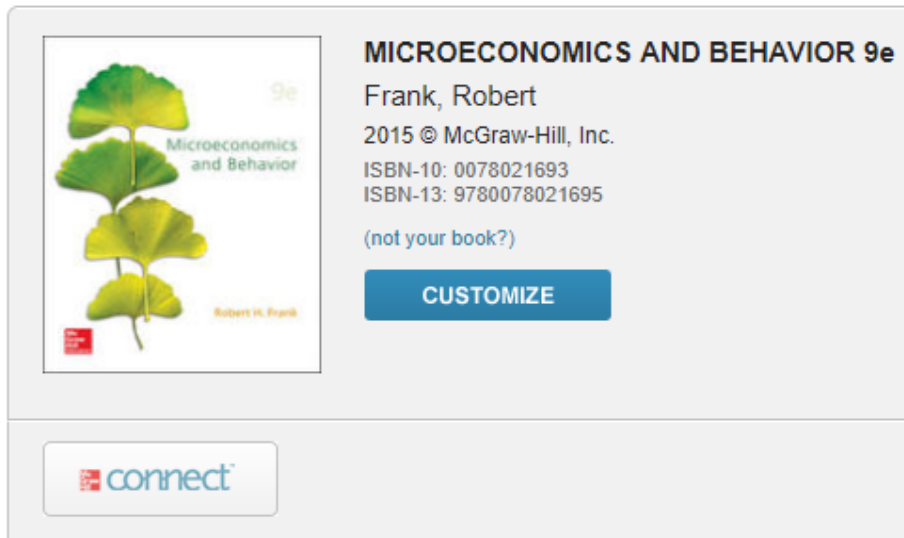
Final examination 40 % (Tuesday, May 21, 13.30-16.30 hrs.)

Main Textbooks

There are several textbooks that cover similar material. The first three books will be used extensively, especially the first one 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) ***Frank, Robert H. (9th ed.). *Microeconomics and Behavior*, New York: McGraw-Hill, 2015*** (with McGraw-Hill Connect)

▼ MOODLE @ BE INTERNATIONAL PROGRAM



Link to MH Connect: <http://connect.mheducation.com/class/ee311>

- 2) Pindyck, Robert S. and Daniel E. Rubinfeld. *Microeconomics*, (7th ed.), New Jersey: Prentice-Hall, 2008.
- 3) Perloff, *Microeconomics*, (3rd ed.) Boston: Addison-Wesley, 2004.
- 4) Varian, Hal *Intermediate Microeconomics*, (5th ed.) New York: Norton, 1999.

- 5) Besanko, David, and Ronald R. Braeutigam, *Microeconomics: An Integrated Approach*, New York: John Wiley & Sons, 2002.
- 6) Salvatore, Dominick, *Microeconomics*, (4th ed.), New York: Oxford University Press, 2003.
- 7) Miller, R.L., and R.P.H. Fische. *Microeconomics: Price Theory in Practice*, New York: Harper Collins, 1995.
- 8) Hirshleifer, Jack *Price Theory and Applications* (6th ed.), New Jersey: Prentice - Hall, 1998.
- 9) Griffiths, Alan and Stuart Wall, *Microeconomics: Theory & Applications*, London: Longman, 1996.
- 10) Nicholson, Walter, *Intermediate Microeconomics and Its Application*, (8th ed.), Dryden Press, 2002.

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):

Frank, Robert. *The Economic Naturalist: In Search of Explanations for Everyday Enigmas* (Paperback). Basic Books (April 7, 2008).

Harcourt, Tim, *The Airport Economist*, Crows Nest: Allen & Unwin, 2008.

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!* Random House Trade Paperbacks (January 30, 2007).

Levitt D. [Steven](#) and [Stephen J. Dubner](#). *Freakonomics: A Rogue Economist Explores the Hidden Side of Everything*, William Morrow; Revised & Expanded, Roughcut edition, 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.

[Wheelan](#), Charles. *Naked Economics: Undressing the Dismal Science*. W. W. Norton & Company (September 2003)

List of Economics Films:

“Star Wars”

Dr. Strangelove or: How I Learned to Stop Worrying and Love the Bomb (1964)

“A Beautiful Mind” Universal Studios, 2001.

“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.
 “An Inconvenient Truth”, 2006 - Capitalism and the environment
 “Moneyball”, 2011 - About an econometric model
 “Inside Job”, 2010 - -About the 2007-2008 financial crisis
 “Margin Call”, 2011 - About the 2007-2008 financial crisis
 “The Big Short” 2015 - About the 2007-2008 financial crisis
 “The Dark Knight” 2008 - Oligopolies and Game Theory
 “Anchorman” 2004 - Efficiency and Externalities
 “Indiana Jones” - Demand and Supply
 “Margin Call” (2011)

Some Useful Links

Nobel Prize in Economic Sciences:

http://nobelprize.org/nobel_prizes/economics/shortfacts.html

Greg Mankiw’s Blog: <http://gregmankiw.blogspot.com/>

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

Krugman’s Blog: <http://krugman.blogs.nytimes.com/>

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 <ftp://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”.

Expected Learning Outcomes:

1. Morality and Ethics

Applicability	Expected Learning Outcomes
●	1.1 Students demonstrate integrity.
○	1.2 Students prioritize social and public benefits over personal ones.
●	1.3 Students are punctual and comply with the code of conduct of the institution and society at large.

○	1.4 Students are responsible and accountable to society, the nation, and the subject of economics.
○	1.5 Students realize the cultural and environmental value of the sustainable society.

2. Knowledge

Applicability	Expected Learning Outcomes
●	2.1 Students know and understand modern economics principles and theories, and are up to date with new developments.
●	2.2 Students know and understand Thai and global economic structure, and the importance of major international economic events.
●	2.3 Students know and understand instruments of economic analysis.
●	2.4 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.
○	2.5 Students are informed about related fields including sociology, business administration, education, law policy, and science.

3. Intellectual Development

Applicability	Expected Learning Outcomes
●	3.1 Students have developed individual critical thinking.
●	3.2 Students are sufficiently trained in research skills.
●	3.3 Students demonstrate an ability to analyze and synthesize data, as well as appropriately integrate economics concepts to understand 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
●	4.1 Students are responsible for assigned tasks and work in groups effectively.
●	4.2 Students have problem-solving skills.
○	4.3 Students show leadership skills and team spirit.

●	4.4 Students are always improving themselves.
○	4.5 Students have good interpersonal skills, adapting and working under different conditions.

5. Quantitative Analysis, Communication and Information Technology

Applicability	Expected Learning Outcomes
○	5.1 Students select and apply appropriate statistical and mathematical methods for data processing, interpretation, conclusions, and recommendations to resolve problems.
○	5.2 Students communicate effectively and select appropriate presentation methods.
○	5.3 Students use information and communication technologies appropriately to gather data as well as process, interpret, and present results.

Teaching Plan


Week	Topics learning in class	Chapter to read in advance (pre class reading)	Homework assignment
Week 1 (Wed 16, Fri 18 Jan)	CHAPTER 3 <ul style="list-style-type: none"> • The Opportunity Set or Budget Constraint • Budget Shifts Due to Price or Income Changes • Consumer Preferences • The Best Feasible Bundle • Appendix: <ul style="list-style-type: none"> – The Utility Function Approach to the Consumer Choice – Cardinal versus Ordinal Utility – Generating Indifference Curves Algebraically 	Read Ch 4 page 95-109 only Assigned on Friday 18 Jan Due on Wed 23 Jan	Homework assignment #1 on Chapter 3 Assigned on Friday 18 Jan ,13.00 Due on Friday 25 Jan, 11.00
Week 2 (Wed 23, Fri 25 Jan)	CHAPTER 4 Individual and Market Demand <ul style="list-style-type: none"> • The Effects of Changes in the Price • The Effects of Changes in Income • The Income and Substitution Effects of a Price Change • Consumer Responsiveness to Changes in Price • Market Demand: Aggregating Individual Demand Curves • Hick Vs Slutsky Method in doing Decomposition (Not in Frank's text) 	Read Ch 5, page 140-144, 155-160 Assigned on Friday 25 Jan Due on Wed 30 Jan	Homework assignment#2 on Chapter 4 Assigned on Friday 25 Jan ,13.00 Due on Friday 1 Feb, 11.00
Week 3 (Wed 30, Fri 1 Feb)	CHAPTER 5 Applications of Rational Choice and Demand Theories <ul style="list-style-type: none"> • Using The Rational Choice Model To Answer Policy Questions <ul style="list-style-type: none"> ○ Application: A Gasoline Tax And Rebate Policy ○ Application: School Vouchers ○ Application: The Welfare Effects of Changes in Housing 	Read Ch 6, page 178-190 (Choice Under Uncertainty) Assigned on Friday 25 Jan Due on Wed 30 Jan	Homework assignment #3 on Chapter 5 Assigned on Friday 1 Feb ,13.00 Due on Friday 8 Feb, 11.00

	<ul style="list-style-type: none"> Prices <ul style="list-style-type: none"> ○ Application: A Bias in the Consumer Price Index • The Intertemporal Choice Model 		
Week 4 (Wed 6, Fri 8 Feb)	CHAPTER 6 The Economics of Information and Choice Under Uncertainty <ul style="list-style-type: none"> • The Economics of Information • The Costly-to-Fake Principle • The Full-Disclosure Principle • Choice Under Uncertainty • Insuring Against Bad Outcomes • Statistical Discrimination • Appendix: Search Theory and the Winners Curse 	Read Ch. 7, page 213-227 on <ul style="list-style-type: none"> • Present-Aim and Self-Interest Standards of Rationality • The Strategic Role of Preferences • Tastes Not Only Can Differ, They Must Differ Assigned on Friday 8 Feb Jan Due on Wed 13 Feb	Homework assignment #4 on Chapter 6 Assigned on Friday 8 Feb ,13.00 Due on Friday 15 Feb, 11.00
Week 5-6 (Wed 13, Fri 15, Wed 20, Fri 22 Feb)	CHAPTER 7 Departures from Standard Rational Choice Models (With and Without regret) Week 5 <ul style="list-style-type: none"> • Present-Aim and Self-Interest Standards of Rationality • The Strategic Role of Preferences • Tastes Not Only Can Differ, They Must Differ Week 6 <ul style="list-style-type: none"> • Bounded Rationality • Affective Forecasting Errors • Judgmental Heuristics and Biases • Psychophysics of Perception • The Self Control Pitfall 	Read Ch. 7, page 227-242 on <ul style="list-style-type: none"> • Bounded Rationality • Affective Forecasting Errors • Judgmental Heuristics and Biases • Psychophysics of Perception • The Self Control Pitfall Assigned on Friday 15 Feb Jan Due on Wed 20 Feb Read Ch. 8, page 248-267 Assigned on Friday 22 Feb Jan Due on Wed 27 Feb	Homework assignment #5 on Chapter 7 (on First-Three-Bullet Topics) Assigned on Friday 15 Feb ,13.00 Due on Friday 22 Feb, 11.00 Homework assignment #6 on Chapter 7 (on the remaining topics) Assigned on Friday 22 Feb ,13.00 Due on Friday 1 March, 11.00
Week 7 (27 Feb, 1 Mar)	Chapter 8 Production <ul style="list-style-type: none"> • The Input-Output Relationship of The Production Function • Production In The Short Run • Total, Marginal, and Average Products • Production In The Long Run • Returns To Scale 		Homework assignment #7 on Chapter 8 Assigned on Friday 1 Mar ,13.00 Due on Wed 13 March, 11.00

Mid-term examination 30 % (Wednesday, March 6, 2019, 12.00-14.30 hrs.)		
Week 8 (13, 15 Mar)	Chapter 9 Costs <ul style="list-style-type: none"> • Costs In The Short Run • Graphing the Total, Variable, and Fixed Cost Curves • Average Fixed, Average Variable, Average Total and Marginal Costs • Allocating Production Between Two Processes • The Relationship Among MP, AP,MC, And AVC • Costs In The Long Run • Long-Run Costs And The Structure Of Industry • The Relationship Between Long-run And Short-run Cost Curves 	TBA
Week 9 (20, 22 Mar)	Chapter 10 Perfect Competition <ul style="list-style-type: none"> • The Goal Of Profit Maximization • The Four Conditions For Perfect Competition • The Short-run Condition For Profit Maximization • The Short-run Competitive Industry Supply • Short-run Competitive Equilibrium • The Efficiency Of Short-run Competitive Equilibrium • Producer Surplus • Adjustments In The Long Run • The Invisible Hand • Application: The Cost Of Extraordinary Inputs • The Long-run Competitive Industry Supply Curve • The Elasticity Of Supply • Applying The Competitive Model Chapter 11 Monopoly <ul style="list-style-type: none"> • Defining Monopoly • Five Sources Of Monopoly • The Profit-maximizing Monopolist • A Monopolist Has No Supply Curve • Adjustments In The Long Run • Price Discrimination • The Efficiency Loss From Monopoly 	

	<ul style="list-style-type: none"> • Public Policy Toward Natural Monopoly 	
Week 10 (27, 29 Mar)	Chapter 12 Game Theoretic Approach to Strategic Behavior <ul style="list-style-type: none"> • The Prisoner's Dilemma: An Introduction to the Theory of Games • The Nash Equilibrium • The Maximin Strategy • Strategies for Repeated Play • Sequential Games • The Evolution of Strategic Preferences • A Parable of Hawks and Dove • The Commitment Problem 	
Week 11 (3, 5 Apr)	Chapter 13 Oligopoly and Monopolistic Competition <ul style="list-style-type: none"> • Some Specific Oligopoly Models • Competition When There are Increasing Returns to Scale • Monopolistic Competition • A Spatial Interpretation of Monopolistic Competition • Historical Note: Hotelling's Hot Dog Vendors • Consumer Preferences and Advertising 	
Week 12 (10, 12 Apr*)	Chapter 14 Factor Markets <ul style="list-style-type: none"> • The Perfectly Competitive Firm's Short-Run Demand for Labor • The Perfectly Competitive Firm's Long-Run Demand for Labor • The Market Demand Curve for Labor • An Imperfect Competitor's Demand for Labor • The Supply of Labor • The Noneconomist's Reaction to the Labor Supply Model • The Market Supply Curve • Monopsony • Minimum Wage Laws • Labor Unions • Discrimination in the Labor Market • Statistical Discrimination • The Internal Wage Structure • Winner-Take-All Markets 	
Week 13 (24, 26 Apr)	Chapter 17 General Equilibrium and Market Efficiency	

	<ul style="list-style-type: none"> • A Simple Exchange Economy • The Invisible Hand Theorem • Efficiency In Production • Efficiency In Product Mix • Gains From International Trade • Taxes In General Equilibrium • Other Sources Of Inefficiency 	
Week 14 (1, 3 Apr)	Chapter 16 Externalities, Property Rights, and Coase Theorem <ul style="list-style-type: none"> • The Reciprocal Nature of Externalities • Application: External Effects from Nuclear Power Plants • Property Rights • Positive Externalities • Positional Externalities • Taxing Externalities 	
Week 15 (8, 10 Apr)	Other Sources of Market Failures	



ACADEMIC CALENDAR SEMESTER 2/2018

Event	Semester 2 (January - June 2019)
Pre-Registration period (BE Portal)	October 29 - November 1, 2018
Course Registration (Reg TU)	November 20 - 23, 2018
Payment	November 20 - 26, 2018
Classes Begin	January 14, 2019
Adding and Dropping Courses W/O Record	January 14 - 28, 2019
Payment	January 14 - 29, 2019
<i>Makha Bucha Day*</i>	<i>February 19, 2019</i>
Mid-term Examination Period	March 4 - 9, 2019
Course Withdrawal With "W"	March 20 - 25, 2019
<i>Chakri Memorial Day*</i>	<i>April 6, 2019</i>
<i>Substitution for Chakri Memorial Day*</i>	<i>April 8, 2019</i>
<i>Songkran Festival Day*</i>	<i>April 12 - 18, 2019</i>
Last Day of Classes	May 12, 2019
Final Examination Period	May 13 - 17, 21 - 30, 2019

Remark:
* Holiday, No classes during this period