

Principles of Microeconomics

Instructor: David Ridley
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Class: 139 Social Sciences
Office: 308C Social Sciences

Term: Fall 1999
URL: www.duke.edu/~dbr1
Class: Tu/Th 2:15-3:30 p.m.
Office: Tu/Th 3:30-4:30 p.m.

Course Objective

This is an introductory course in microeconomic theory. It is designed to provide you with tools to examine behavior by people and businesses. Upon completion of the course, you should have enhanced analytical skills. These skills will help you analyze policy and business strategy, and succeed in future course work.

Instructor

Please feel free to call me "David." I've had the pleasure of teaching the fundamentals of microeconomic theory to hundreds of students of economics. I've learned much from my former students and I welcome your input as well. If you would prefer to provide anonymous feedback, you can send a message to me from www.aas.duke.edu/teach/tools/email.cgi.

I hope you'll take advantage of electronic mail and my office hours. If you can tolerate more than 75 minutes of economics at one sitting, I hope you'll stay after class occasionally. I believe that this is the best time to clear up any confusion that you have. Furthermore, I truly enjoy staying after class to talk about the material. Finally, I'll try to arrive early to class each day, in case you would like to talk to me at that time.

Teaching Assistants

Sheela Agarwal	sa9@duke.edu	228 Social Sciences
Darin Beffa	dtb5@duke.edu	228 Social Sciences
David Juncker	dkj@duke.edu	228 Social Sciences
Melissa Link	ml16@duke.edu	228 Social Sciences
Sandeep Mody	mody@econ.duke.edu	228 Social Sciences
Eric Tencer	elt4@duke.edu	228 Social Sciences
Terri Yang	teryang@econ.duke.edu	325C Social Sciences

In addition to her teaching responsibilities, Terri (the head teaching assistant) will assign students to sections and handle written regrade requests.

Readings

Textbook:

Parkin, Michael. *Microeconomics*, 5th edition. Reading, Massachusetts: Addison-Wesley Publishing Company, 1999.

Optional Study Guide:

Rush, Mark. *Study Guide*, 5th edition. Reading, Massachusetts: Addison-Wesley Publishing Company, 1999.

Additional Readings:

In addition to the textbook, you will be asked to read brief articles for discussion in lecture and section. These articles are drawn from books and periodicals, including *The Economist* and *The Wall Street Journal*. The readings are available on reserve in the library and in a coursepack from the campus bookstore.

Grading

I will make problem sets available each week on this web page. In economics, as in other disciplines such as mathematics and languages, students typically learn best through practice. I hope that you will take advantage of these problems to learn the material and prepare for the exams. You will not (directly) receive a grade for this.

Your final grade will be based on your performance on four cumulative exams. Tentative dates for the exams can be found on the schedule. Students who must miss an exam, should obtain a Dean's excuse. These students may either have the weight of the exam added to the final or take an alternative exam before the scheduled exam. They will not be allowed to take the same exam as their classmates. You should make every effort to take a scheduled exam, as students choosing either of the above options might be at a disadvantage relative to their classmates.

The final grade will be determined as follows:

- 1/6 Exam 1
- 1/6 Exam 2
- 1/6 Exam 3
- 1/3 Exam 4
- 1/6 "Wild Card" Your best exam grade will receive an extra weight of approximately 17 percent. For example, a student who struggles in the course but performs well on the final exam will have a final weighted at 50 percent.

The final grade may also be adjusted for your performance in section. There is no "extra credit" offered in this course. Please do not request it.

Tutoring

You might find it useful to interact with a tutor. Tutors are available through the Peer Tutoring Program of Academic Services. Additionally, the Economics Department maintains a list of economics tutors.

Keys to Success

- **Read** the relevant chapters before attending class. If you are prepared for class, then you will be more engaged in the discussion and better able to ask pertinent questions.
- **Learn.** If you do not rely on memorization, then you will be more likely to retain the material throughout the course and after the final exam. Furthermore, you will be better able to apply your knowledge to problems which you encounter outside of class. In order to give you an incentive to learn rather than memorize, exams will include material that was not discussed explicitly in class.
- **Practice.** Many people find economics to be highly logical. However, studying is still important. If you must take time to derive concepts during exams, then you will not be as successful as those who have practiced for the tests. You can practice by using the problem sets and the practice exams provided on this web page. Many students have recommended the practice quizzes at www.economicsplace.com. (You can find the activation ID and password on an insert in your Parkin Microeconomics textbook.) Of course, the textbook also has good practice problems, as does the study guide.
- **Attend** section. The teaching assistants for this course are highly knowledgeable. The benefits of meeting with them in the smaller classroom environment should not be overlooked.
- **Interact** with other students in the class. Few universities in the nation have an undergraduate student body that can compare to that of Duke. Students are not only very bright, but also quite approachable. This is a tremendous resource. You can learn by listening to and by teaching your peers.

Schedule

Week	Date	Topic	Assignment
1	8/31	Introduction	Parkin 1
	9/2	Production & Growth; Trade	Parkin 3 (Optional: Parkin 2)
		No section meeting this week	
2	9/7	Supply and Demand	Parkin 4
	9/9	Elasticities	Parkin 5
		Section meeting	Problem set 1. “The \$750,000 Job”
3	9/14	Unintended Consequences	Parkin 6 & 7
	9/16	Lecture canceled due to Hurricane Floyd	
		Section meeting	Problem set 2 “Should Drug Use Be Legalized?” “The Power of Incentives: How Seat Belts Kill”
4	9/21	Exam 1 in Griffith Film Theater	
	9/23	Utility	Parkin 9
		Section meeting	“Not So Fair Play”
5	9/28	Consumer Choice	Parkin 9
	9/30	Work or Play? Save or Borrow?	Parkin 9 continued
		Section meeting	Problem set 3 “A Bold Experiment to Fix City Schools”
6	10/5	The Firm; Sunk Costs	Parkin 10
	10/7	Information	Parkin 21 (455-61)
		Section meeting	Problem set 4 “A Random Walk Down Wall Street”
7	10/12	Fall break	
	10/14	Review	
		Section meeting	Problem set 5 “Truth or Consequences”
8	10/19	Exam 2 in Griffith Film Theater	
	10/21	Output & Costs	Parkin 11
		Section meeting	“Internet is Opening Up a New Era of Pricing” “Is This the End of Sticky Prices?”
9	10/26	Competition	Parkin 12
	10/28	Monopoly	Parkin 13
		Section meeting	Problem set 6 “Tackling Monopolies” “Let’s Play Monopoly”
10	11/2	Price Discrimination	
	11/4	Monop Competition; Oligopoly	Parkin 14 (omit 293-4)
		Section meeting	Problem set 7

			“Benign Conspiracies” “Too Few Accountants”
11	11/9	Static Games	Print games “An Introduction to Applicable Game Theory,” 127-33
	11/11	Review	Experience Prisoners’ Dilemma on the web
		Section meeting	Problem set 8 “Noblesse Oblige” “It’s Only a Game”
12	11/16	Exam3 in Griffith Film Theater	
	11/18	Dynamic Games	“An Introduction to Applicable Game Theory,” 133-7
		Section meeting	“Congress v. Federal Reserve” “Movers and Shakers”
13	11/23	Game Theory continued	
	11/25	Thanksgiving Break	
		No section meetings	
14	11/30	Market Failure	Parkin 18 (391-9) and 13 (278-9)
	12/2	Environmental Economics	Parkin 20
		Section meeting	Problem set 9 “How to Scuttle Overfishing? Tax the Catch.” “Let’s Diffuse the Population Bomb – with Free Markets”
15	12/7	Health Economics	“Coughing Up” “How Uncle Sam Could Ease the Organ Shortage” “To Get an Organ, Offer to Give One” Class discussion questions
	12/9	Review	
		Section meeting	Review
16	12/13	Final exam in Griffith Film Theater 2-5 p.m.	