

San José State University
Department of Economics
Econ 201: Seminar in Microeconomic Analysis
Course No. 40173, Fall 2017

Instructor:	Ray March
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Office Hours:	Tuesdays and Thursdays 1PM-3PM
Class Days/Time:	Thursday, 6:30-9:15 P.M.
Classroom:	DMH 358
Prerequisites:	Economics 1B, 104

Course Description

Catalog Description

Advanced analysis of costs, pricing, revenue, market structures, economic efficiency, rates of wages, rent, interest, profits and allocation of resources; analytical models and economic equilibrium. Prerequisite: ECON 101 and ECON 104.

Additional Description

A master's degree is usually required to practice as a professional economist. Microeconomics, specifically price theory, is an indispensable component of an economist's toolkit. Most economic questions are either applications of price theory or have underlying microeconomic foundations. Price theory also holds the remarkable ability to explain the complexities of the world around us and to resolve the mystery of the mundane.

An important component of advanced-level economics is being precise. This often takes the form of formalism or using mathematical language to illustrate economic relationships. As George Stigler, famously stated, "Mathematics has no symbols for confused ideas". Mathematics is a tool economists use. It is not the foundation of economic science.

Although economics, not mathematics, is the focus of this course, students should feel comfortable with maximization/minimization techniques, taking first and second derivatives, and should have a strong background in college level algebra. If the student becomes lost or is unfamiliar with some of the economic concepts or mathematical techniques early in the class, the student should let the instructor know as soon as possible.

Course Learning Outcomes and Program Learning Objectives

To develop and apply knowledge and understanding of the workings of governments and markets. This course fits into the following Department of Economics program learning objectives (PLO).

PLO 1: Microeconomics

PLO 4: Specialist Area (Policy Economics, Quantitative Methods)

PLO 5: Communication

Upon successful completion of this course, students should be able to demonstrate the following:

CLO 1 Explain how formal models of rational behavior help us better understand the formation of and citizen responses to public policies.

CLO 2 Recognize how the nature of certain goods and services often leads to government intervention in markets.

CLO 3 Identify how political institutions and social choice rules shape the types of policy we see.

CLO 4 Examine several analytical methods of analyzing government, including social choice models, public choice models, and welfare economics.

Required Texts and Readings

The Applied Theory of Price. Donald McCloskey. PDF available at <http://www.deirdremccloskey.com/docs/price.pdf>

Competition and Entrepreneurship. Israel Kirzner PDF available at <http://www.sjsu.edu/people/john.estill/courses/158-s15/Israel%20Kirzner%20-%20Competition%20And%20Entrepreneurship.pdf>

Cost and Choice. James Buchanan. PDF available at http://files.libertyfund.org/files/1068/0102-06_LFeBk.pdf

Additional required readings include chapters from economics books and economic articles. All other required readings are hyperlinked on the syllabus. It is the student's choice to buy a hard copy of the required texts or use the PDFs linked above.

Other Readings (Optional)

Microeconomic Theory: Basic Principles and Applications. Walter Nicholson and Christopher Synder. PDF available at http://www.dphu.org/uploads/attachements/books/books_5973_0.pdf.

Assignments and Grading Policy

Grades for this course are composed of homework, a midterm and final exam, and participation in class discussions. The grading rubric and a description of each component is provided below:

Grade Breakdown

Homework	30%
Discussions	10%
Midterm	20%
Final Exam	30%

Homework

There will be 3 homework assignments. Each is worth 10% of the final grade. Take the homework assignments seriously. Students often learn more from carefully thinking through the homework questions than taking exams. Working in groups on homework assignments is allowed (and advised). Each student must hand in a separate write-up. All homework is due at the beginning of class and no late homework will be accepted. Homework dates are listed below:

Homework 1	9/21
Homework 2	11/2
Homework 3	11/30

Discussions

This class requires a considerable amount of reading. The instructor will frequently ask students for their interpretation and thoughts on the assigned readings. Discussing seminal works in economics allow the students to develop their economics skillset in a relaxed but instructive manner. The instructor expects each student to speak up and speak often. Not fully understanding each reading, feeling confused, or having more questions than comments is perfectly fine. What is not acceptable is not to participate. Participation in class discussions is worth 10% of the final grade. If the student participates frequently, they will receive full credit.

Midterm and Final Exam

The midterm is worth 20% of your grade. The final exam is worth 30% of your grade and is cumulative. Exams will be composed of short answer, essay, and problem-solving questions. A study guide will be distributed before each exam. The best way to prepare is to review all homework assignments, re-read all of the readings, and practice with some of the questions out of the primary textbook. Homework and exam dates are below:

Midterm	10/5 (During normal class time)
Final Exam	12/14 (from 7:45PM-10:00PM)

Grading Criterion

97-100 A+	93-96 A	90-92 A-
87-89 B+	83-86 B	80-82 B-
77-79 C+	73-76 C	70-72 C-
67-69 D+	63-66 D	60-62 D-
below 60 F		

Grades will be curved as needed.

Classroom Protocol

This is a graduate-level course and covers a wide variety of complex subjects in a short period. Although this course is primarily lecture format, much can be learned through interacting with classmates and the instructor. Take advantage of time in the classroom! Ask questions. Challenge your instructor.

The instructor is not a Luddite. Feel free to bring printouts of articles, laptops, or other electronics to class. Although laptops can serve as a distraction, the instructor trusts the students have the ability focus during the class time. Be warned, most learning occurs when notes are handwritten and not typed. It is also difficult to take mathematical notes on a laptop (obviously).

University Policies

Per University Policy S16-9, university-wide policy information relevant to all courses, such as academic integrity, accommodations, etc. will be available on Office of Graduate and Undergraduate Programs' [Syllabus Information web page](http://www.sjsu.edu/gup/syllabusinfo/) at <http://www.sjsu.edu/gup/syllabusinfo/>.

Econ 201 Course Schedule and Readings

Note

ATP- Applied Theory of Price

C&C- Cost and Choice

C&E- Competition and Entrepreneurship

MT- Microeconomic Theory

1. Introduction and Review (August 24th)

Buchanan, James M. "[What Should Economists Do?](#)"

Bastiat, Frederic. "[That Which is Seen and that Which is Not Seen](#)"

Optional: ATP Ch. 1, MT Ch. 1-2

2. Scarcity and Tradeoffs (August 31st)

ATP Ch. 1-2 (skip 2.3)

Rothbard, Murray N. [Man, Economy, and State](#). Pages 1-33.

3. Rational Choice and Demand (September 7th)

ATP Ch. 3.1 and 3.2

Thaler, Richard and Cass Sunstein. "[Libertarian Paternalism](#)"

Becker, Gary S. [The Economic Approach to Human Behavior](#). Chapter 1.

Leonard, Thomas C. "[Review of Richard H. Thaler, Cass R. Sunstein, Nudge: Improving Decisions about Health, Wealth, and Happiness](#)"

Optional: MT Ch. 3

4. Demand (September 14th)

ATP Ch. 4

C&C: Preface, Ch. 1, and Ch. 3

Optional: MT Ch. 4 and CC Ch. 2

5. Exchange- Property Rights (September 21st) *Homework 1 Due*****

ATP Ch. 5

Alchain, Armen. "[Property Rights](#)"

Demsetz, Harold. "[Toward a Theory of Property Rights](#)"

C&C: Ch. 5

Optional: MT Ch. 13, from beginning of the chapter until "Brouwer's Fixed Point Theorem"

6. Exchange- Supply and Demand (September 28th)

ATP Ch. 6 (6.1 and 6.2 only), Ch. 7 (7.1 only)

Coase, Ronald. "[The Problem of Social Cost](#)"

Boudreaux, Don. "[A Modest Proposal to Deregulate Infant Adoptions](#)"

C&C: Ch. 4

7. Midterm Exam (October 5th)

8. The Market and Market Process (October 12th)

Mises, Ludwig. [Human Action](#), Chapter 15.

Akerlof, George. "[The Market for "Lemons"](#)"

Hayek, F.A. "[The Use of Knowledge in Society](#)"

Buchanan, James. "[Order is Defined in the Process of its Emergence](#)"

C&E: Ch. 1.

Optional: Mises, Ludwig. [Human Action](#). Chapter 16.

9. Production (October 19th)

ATP Ch. 8 (8.1 and 8.3 only), Ch. 10 (10.1 only)

Alchian, Armen, and Demsetz, Harold. "[Production, Information Costs, and Economic Organization](#)"

C&C: Ch. 6

C&E: Ch. 3, from beginning of the chapter until "Entrepreneurship, Ownership, and the Firm"

Optional: MT Ch. 9-10

12. The Firm (October 26th)

ATP Ch. 11 (11.1-11.3 only), & 12

Alchian, Armen, and Demsetz, Harold. "[Uncertainty, Evolution, and Economic Theory](#)"

Coase, Ronald. "[The Nature of the Firm](#)"

C&E: Ch. 2, from "Entrepreneurship, Ownership, and the Firm" to "Entrepreneurship in the Literature"

Optional MT Ch. 11

13. Competition (November 2nd) *Homework 2 Due*****

ATP Ch 13 (13.1 only) and Ch. 14

Hayek, F.A. "[Competition as a Discovery Procedure](#)".

Hayek, F.A. "[The Meaning of Competition](#)".

C&E: Ch. 3, from start of chapter until "The Meaning of Monopoly"

Optional MT Ch. 12

14. Market Power and Monopoly (November 9th)

ATP Ch. 17 and Ch. 19

Crandall, Robert, and Clifford Winston. "[Does Anti-trust Policy Improve Consumer Welfare? Assessing the Evidence](#)"

C&E: from "The Meaning of Monopoly" to end of chapter

Optional MT Ch. 14 & Ch. 15

15. NO CLASS (November 16th)

16. NO CLASS-HAPPY THANKSGIVING! (November 23rd)

17. Regulation (November 30th) *Homework 3 Due*****

Stigler, George. "[The Theory of Economic Regulation](#)".

Mises, Ludwig. [A Critique of Interventionism](#). Chapters 1-2.

Kirzner, Israel. "The Perils of Regulation: A Market Based Approach" (Provided at a later date)

C&C: Ch. 4

Optional MT Ch. 18-19

18. Price Theory in Political Markets (December 7th)

ATP Ch. 9.

Buchanan, James. "[Public Choice: The Origins of a Research Program](#)".

Buchanan, James. "[Individual Choice and Voting in the Market](#)".

Tullock, Gordon. "[The Transitional Gains Trap](#)".

Bastiat, Frederic. "[A Petition](#)".

Final Exam (December 14)