

ECONOMICS 360A-02 and 360H-01  
FALL 2009 – READING LIST  
MICROECONOMIC THEORY  
Tuesdays & Thursdays, 1:15pm-2:40pm, UU 111

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OFFICE HOURS:  
Wed. 2:00-4:00  
Tues. 10:00-11:00 and  
BY APPOINTMENT

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**PREREQUISITES:** Grade of C or better in ECON 160; also grade of C or better in college level calculus (A- required from 2-year school).

**ATTENDANCE:** You are expected to be present and attentive in class. There are approximately 27 class days (excepting exam dates). If you are absent from class more than 6 times you will receive an F. If you wish to attend class infrequently find another class.

**REQUIRED TEXT:**

Donald Waldman – MICROECONOMICS, 2<sup>nd</sup> edition, accessed electronically after you pay at [www.dotlearn.com](http://www.dotlearn.com). The course ID is GREE 1254. A hardcopy of the book is also available at the bookstore but it does not contain many applications and interactive illustrations.

The following is a rough outline. I hope to keep on schedule, but if we fall behind, so be it! The material will be covered in the order described below. The reading list also includes chapters from or sections from a few other texts. They are on reserve and must be read and include:

<u>Call Number</u>	<u>Author/Title</u>
HB 71 B 43	Gary Becker – <u>The Economic Approach to Human Behavior</u>
HB 172 C 34	Steve Call and David Holahan – <u>Microeconomics</u> , 2 <sup>nd</sup> ed.
HB 172 C 25	Thomas Carrol – <u>Microeconomic Theory Concepts and Applications</u>
HB 172 B 49	Brauetigan & Besanko – <u>Microeconomics</u> , 2 <sup>nd</sup> ed.
HB 172 K 37	Harvey Rosen & Michael Katz – <u>Microeconomics</u> , 3 <sup>rd</sup> ed.
HB 172 P 53	Robert Pindyck and David Rubinfeld – <u>Microeconomics</u> , 5 <sup>th</sup> ed.
HB 172 H55	Jack Hirschleifer and Galzer, A. – <u>Price Theory &amp; Applications</u> , 5 <sup>th</sup> ed.

## **HOMEWORK:**

The homework questions are all from the text and must be ready to be handed in on the dates designated.

Sept. 8	2.4, 2.6, 2.10, 2.12, 2.14
15	3.6, 3.12, 3.14, 3.16
22	4.4, 4.6, 5.8, 5.10
Oct. 1	4.10, 4.12, 5.14, 5.12
20	4.1, 6.4, 6.8, 6.12, 6.14, 6.16, 18.4, 18.6
Nov 3	7.4, 7.6, 7.8, 7.10, 7.14
12	8.8, 8.10, 8.14, 10.4, 10.6, 10.8, 17.4, 17.8, 17.10
Dec. 3	11.4, 11.6, 11.8, 12.4, 12.8, 12.10, 12.12

## **GRADES:**

Will be determined primarily by:

Three 1 ½ hour exams	60%
Homework	10%
A cumulative [covering the Entire course] final exam	30%

Anyone who has an A average over the 3 exams and homeworks will be exempted from the final and receive an A provided they attend all 7 OF THE CLASSES AFTER THE THIRD EXAM.

## **TOPICS**

### **DATES:**

### **I. Introduction, Demand, Supply Elasticity**

Sept. 1, 3                   **TEXT** – Chap. 1, Chap. 2, Chap. 4 section on Market Demand

1<sup>st</sup> Problem Set **due Sept. 8**

Sept. 8, 10               **II. The Theory of Household Choice**

#### **A. Consumer Choice**

Chap. 3 & its Appendix

2<sup>nd</sup> Problem Set **due Sept. 15**

Sept. 15, 17              Chap. 4, rest of chapter and appendix  
Chap. 5, all except section on  
Supply Side Tax Cuts

3<sup>rd</sup> Problem Set **due Sept. 22**

#### **B. Rationality & Consumer Surplus**

Sept. 22      **FIRST EXAM**

Sept. 24      Gary Becker, "Irrational Behavior and Economic Theory," "The Economic Approach to Human Behavior, pp. 153-163

Sept. 29      Katz and Rosen pp. 108-118, Text Chap4  
Consumer Surplus

**C. Resource Supplier Choice**

Oct. 1      Waldman, Chap. 5 on Supply Side Tax Cuts  
Katz and Rosen Chap. 5, pp. 121-133  
Problem Set 4 due

Oct. 6 & 8      Waldman, Chap. 4, section on Intertemporal Choice  
Waldman, Chap. 18, all except Risk and Investment Decisions  
Hirschleifer, J. & Glazer, A. Price Theory & Applications, 5<sup>th</sup> ed.,  
Chap. 14.  
pp. 426-435

**D. Information & Choice Under Uncertainty**

Oct. 13, 15      Text Chap. 6, Text, Chap. 18, Risk and Investment and on to  
end

Oct. 20      **Problem Set #5 due**

**III. THE THEORY OF FIRM SUPPLY OF OUTPUT AND ITS DEMAND FOR INPUTS**

**A. The Goals of the Firm, Its Technology and Cost**

Problem Set 5 due **Oct. 22**

Oct. 20,22 Text Chap. 7,

Oct 27      **SECOND EXAM**

**B. The Supply of Competitive Firms and Their Demand for Input**

**C.**

Problem Set 6 due **Nov. 3**

Oct 29, Nov. 3, 5, 10 Brauetigan and Besanko Chaps 6, 7, 8 Excluding Appendix  
Chap. 8 and Chap. 10 in Waldman  
Chap. 17 Waldman, up to Factor Markets with Monopoly Buyers

Nov. 12      **The Welfare Economics of Competition**

Problem Set 7 **DUE**  
Text Chap. 9, Text. Chap. 19

Nov 17      THIRD EXAM

**IV. MONOPOLYPOWER IN PRODUCT/RESOURCE MARKETS**

Nov. 19 & 24 Chap. 11 to Monopolistic Competition  
Chap. 17, rest not yet covered  
Chap. 12  
Chap. 16 until Cournot-Nash model  
Chap. 13  
Katz and Rosen, Chap. 14, pp. 453-457  
Chap. 15, up to Non Pricing Strategic Behavior

**V.      DIFFERENTIATED PRODUCTS**  
**MONOPOLISTIC**  
**COMPETITION & OLIGOPOLY**

Dec. 1 & 3      Chap. 11, Economics of Monopolistic Competition  
Text Chap. 14

Problem Set #8 due on Dec. 3

Text Chapter 16, rest from Cournot-Nash Model

Dec. 8, 10      VI ASYMMETRIC INFORMATION – Text Chapter 20

**Final exam:** The following is the Economics Department policy regarding make-up final exams:

**ALL** make-up final exams in Economics will be given **Friday, Dec. 18 from 8:00 to 10:00 AM.** All officially scheduled final exams are currently listed in the BUSI system - check it for conflicts. If a conflict exists you may request a make-up exam from the instructor of any of the conflicting courses. If you choose to request a make-up exam for this course a sign-up list to request the make-up exam will be available from your instructor. Students **MUST** make their request for a make-up exam in economics **NO LATER THAN FRIDAY, October 2.** Students will be notified IN CLASS before the drop deadline. It is **the student's responsibility** to learn from the instructor if the request has been approved. Only students who are approved may take a make-up final exam. Students who have not requested a make-up exam in an economics course by **October 2** will be required to resolve conflicting exams with the instructor in one of their other courses.

Make-up exams are approved **ONLY** for the following conditions:

- Conflicts with the **OFFICIAL** final exam schedule (e.g. exams at the same time or more than two exams within 24 hours).
- **DOCUMENTED** personal illness or family emergency

## How to do well in this class:

The economist's view of the world and economic thinking can be a bit abstract, and it is very likely that you will find it to be different from the way you are used to thinking about societies. It is therefore very important that you

- **understand that this class is *not* a memorization course!** If you try to cram the night before the exam, you will get a crummy grade! Even if you did memorize everything that I said in class, you will not do well in this course!  
Why is that? Any "facts" that you might be able to memorize will be outdated in a couple of months or years, so I consider it inappropriate to waste your valuable time with them. Instead, this course will teach you various important *tools* that you can apply to future economic scenarios that will be of interest to you. I want you to be able to *understand* and to *apply* these tools, yet you cannot achieve this by sheer memorization but *only through practice*.
- **spend enough time on this class!** As a rule of thumb, you should spend 3 hours per week for each credit that you take. This class carries 4 credits, so you ought to plan to work on average 12 hours per week for this class. (3 hours in class, and **9 hours outside of class**.)
- **come to class regularly, and keep up with the readings!** All of the topics in this course are closely related to each other, and we will always rely on the material that we have covered early in the semester. If you miss classes without making up the missed work, you will be lost later on. The material is too complex to understand it during the day or night before an exam! Solve the homework assignments! They are not meant to torture you, but to help you to practice your new economics skills, and to prepare you for the midterms and the comprehensive final.
- **read the assigned readings *before* class and read them again after class; don't rely solely on your notes!** If you come to class unprepared, you are likely to get lost. If you have spent some time with the material before we talk about it, you are in a much better position to identify difficult points and ask for clarification. If, on the other hand, you see the material in class for the first time, you will spend too much time digesting the new stuff, and not enough time thinking about it. I usually put a tentative outline of the coming class period on the course webpage one or two days before class.

### and most importantly:

- **ask questions in class if you don't understand something!** If you have a question, it is very likely that some of your classmates have the same question, but don't dare to ask. There are ***NO*** stupid questions. Don't be intimidated to speak up in class. ***Your questions are necessary feedback for me*** to see if I am too fast or too slow. If nobody asks questions, I have to assume that everyone understands the material, and I will go on to the next topic.
- **come and talk to me if you begin to feel lost!** Economics can be a bit tricky, and every semester I encounter students who are lost and too lethargic to do anything against it. Don't wait until the midterm or (even worse) until the final exam to seek for help; come as early as possible.