Overview

In this class, students learn to apply tools from microeconomics to improve business decisions. In particular, microeconomics casts important light on a firm’s ability to make and sustain profits.

I will not assume any prior knowledge of microeconomics. I realize that some students have taken microeconomics as part of previous degree programs. The class will be more applied than many undergraduate microeconomics classes.

Parts of economic analysis are quantitative. However, I will not use more mathematics than necessary. In particular, I will not make use of calculus.

Topics

I list the main topics we will cover below. As much as possible, I will use examples drawn from very recent news to illustrate each topic. (This is more feasible for some topics than others.)

I would rather that students leave the class understanding a few things well than many things badly. For this reason, I will vary the speed we progress though these topics in response to how the class progresses. We may have time to add a few additional topics; or it may be necessary to cut a couple of topics.

For each topic, I have listed the corresponding textbook chapter. (See textbook details below.)

Demand and supply (ch 2)
Regulation, taxes and subsidies (ch 3)
Firm costs (ch 6 and 7)
Competitive markets (ch 8)
Monopoly markets (ch 9)
Monopoly strategies (ch 10)
Imperfect competition (ch 11)
Auctions with private values (no textbook chapter)
Auctions with common values (no textbook chapter)
Markets with adverse selection (ch 15.1)
Class expectations

Class Attendance: Required, as stated in handbook. Participation and attendance can affect your grade.

The main aim of the class is the application of economic principles. To accomplish this, class participation is very important. There will be extensive class discussion and many small-group in-class exercises.

Please arrive in class on-time. Use electronic devices only for class-related activity.

Name tents: Please display your name tent in class. I will remind you to do this.

Honor code: The Foster MBA Program Honor Code applies. A full statement is here: http://www.foster.washington.edu/academic/mba/currentstudents/Pages/honorcode.aspx
In brief the Honor Code states: “Cheating, attempted cheating, plagiarism, lying, and stealing in relation to academic work is prohibited.”

Core grading: I will follow the agreed guideline for core classes, and assign grades with a median of 3.4.

Class assignments

If any of the dates below present a problem for you, please let me know immediately.

Homeworks:

There are 6 group homeworks, with the following due dates:

    Thursday October 15
    Thursday October 22
    Thursday October 29
    Thursday November 12
    Thursday November 19
    Thursday December 10

Each homework is due at the beginning of class on the relevant day. I will post the homework on Canvas a minimum of one week ahead of time.

The homeworks are designed to be done in groups. You can hand in one write-up per group. However, if you cannot reach agreement within your group, you are welcome to hand-in multiple solutions.

Although this is a group assignment, it is really important that all group members actively participate in the entire homework. Also, each group’s submission should
be independent from the submissions of all other groups. I am very happy for you to discuss microeconomics outside of class, and that potentially includes discussing homeworks in general terms. But the specifics of homeworks should be discussed only within your group, and breaches of this constitute a serious breach of academic honesty.

My main aim in the homeworks is to encourage you to apply microeconomics to situations different from those we have explicitly discussed in class.

The textbook contains many “drill” style questions. I will post lists of recommended questions as the quarter progresses.

Exams:

There is an in-class midterm on Tuesday November 3. The final is in the afternoon of Tuesday December 15.

Both exams are in-class closed book exams.

I will devote at least some of the classes on October 29 and December 10 to pre-exam review.

The final is comprehensive, i.e., covers material from the entire quarter.

Class meeting times and location

All classes meet in Paccar 390, and last 1 hour 50 minutes. Irregular class times are marked with a *.

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<td>10 (HW)</td>
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<td>11 (Midterm)</td>
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<td>Final exam</td>
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**Review sessions**
There is a weekly review session, Fridays, October 9 to December 11. Except for October 23 and November 13, the review session is 11.30am – 12.20pm. On October 23 and November 13 the review session is 4:30-5:20pm. There is no review session on November 27.

The review sessions are optional, and are led by the teaching assistant for the course, Rui Han (ruihan@uw.edu).

Location is TBA.

**Grading**
I will assign final grades using the maximum of
(i) Homeworks, 20%, Midterm, 40%, Final, 40%
(ii) Homeworks, 20%, Midterm, 30%, Final, 50%

**Class materials**
The class textbook is:
Microeconomics, 1st Edition
Goolsbee, Levitt, Syverson
Worth Publishers
ISBN : 978-0716759751

It is available from (among other places) the University of Washington bookstore. An “international” version of the textbook is also available, which some students may be able to access at a lower price.

In addition to the main textbook, I highly recommend “The Undercover Economist” by Tim Harford. I will draw from at least some material in this book.

I will place additional readings and lecture notes on the Canvas page. I will generally not bring hard copies to class.