

Price Theory | ECO 3301-0011 | Summer 2023

Meeting Times & Location: M-T-W-Th-F, 14:00 – 15:50, ULEE 303

Office Hours: 13:00 – 14:00 (Zoom by appointment or Econ Library ULEE 309)

Instructor: Javier Gonzalez (gonzalezjj@smu.edu)

Overview:

Course Description:

This is an intermediate course in microeconomics. The main objective of the course is to the core models of microeconomics. We'll be learning: (i) how to model consumer choice, (ii) how to model firm pricing and production decisions, (iii) the interaction of consumers and firms in markets, (iv) the importance of market structures and market failures.

The course is designed to provide a strong foundation in the tools that underlie economic analysis, including the models used in many upper-level courses you will take. We will analyze economic situations using graphs, *mathematics*, and intuitive approaches. The best way to succeed in the course is to learn by doing practice problems.

Course goals:

By the end of the course, students will be able to:

- discuss and explain economic concepts using graphical representations like demand and supply curves, indifference curves and budget lines, and cost curves.
- solve consumer and firm theory problems and understand how they apply to real-world scenarios.
- use analytical tools to predict pricing and production outcomes under different market structures.
- demonstrate knowledge of microeconomic models.
- demonstrate an ability to analyze complex mathematical problems that arise in particular discipline or area.
- evaluate critically the research outcomes and theoretical applications in economic experiences.

Prerequisites:

ECO 1311, ECO 1312 and MATH 1309 or 1337. We will be using calculus.

Course web page:

The course webpage can be accessed through Canvas. Please check it regularly. Grades, announcements, and other course-related material will be posted there. You are responsible for monitoring all announcements, assignments, and grades. Ensure that your Canvas settings notify you of new announcements.

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Textbooks:

The required textbook is *Perloff, Jeffrey M. Microeconomics: Theory and Applications with Calculus, 4 ed. Pearson 2017*. (You may also use the 5th edition).

If time permits, we are going to focus on the following chapters.

Supply and demand (Ch. 2)
A Consumer's Constrained Choice (Ch. 3)
Demand curves, comparative statics of demand, income and substitution effects (Ch. 4)
Consumer welfare and policy analysis (Ch.5)
Producer theory, production functions, and cost curves (Ch.6 and 7)
Profit maximization, supply curves (Ch. 8)
Competition and analysis of competitive markets (Ch.9 and 10)
Monopoly (Ch. 11)
Game theory (Ch. 13)
Oligopoly and Monopolistic Competition (Ch.14)
Externalities and public goods (Ch. 17)
Asymmetric Information (Ch. 18)

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Grading:

The following weights are the basis for your final grade:

Problem Sets (5 points each)	20%
Midterm 1 (25 points)	25%
Midterm 2 (25 points)	25%
Final Exam (30 points)	30%
Bonus points	up to 10%

Grade	A	A-	B+	B	B-	C+	C	C-	D+	D	D-
Min score	93	90	87	83	80	77	73	70	67	63	60

Problem Sets

There will be 4 problem sets due on Wednesday at midnight of each week. Then on Thursday we will solve the problem set together on the board in class.

You are allowed (and encouraged) to work on these assignments in groups, but each individual must submit his or her own handwritten assignment. Problem sets will be submitted as .pdfs through Canvas.

Exams

There will be two non-cumulative midterms, each worth 25% of your final grade. There is also a cumulative final exam, worth 30%, which will focus more heavily on the most recent material. Exams will be taken during our allotted class time.

Important Dates

- Problem set 1 - May 31
- Problem set 2 - June 7
- Midterm 1 - June 9
- Problem set 3 - June 14
- Problem set 4 - June 21
- Midterm 2 - June 23
- Final Exam - June 28

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Bonus Points

Students can earn up to 10 points of bonus points in the following activities:

1. (Up to 6 bonus points) For the first 5 minutes I will write some questions on the board about a past lecture (not necessarily the last lecture). Students who answer correctly one question will be awarded a bonus point.
2. (For 4 points) Take one newspaper article or podcast from a reputable news source (New York Times, NBC news, etc), summarize what is the issue they are reporting, and try to explain it using an economic model we have covered in class. More details in Canvas.

Late submissions/make-up exams

Problem sets are due by midnight on the due date and will be submitted as a .pdf through Canvas. Each day of late submission will be discounted by 1 point. (Every problem set will have 5 points)

Schedule conflicts regarding midterms or the final exam should be reported to me immediately.

There will generally be no make-up exams unless the circumstances are truly exceptional and can be substantiated.

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University Policies

Disability Accommodations

Students needing academic accommodations for a disability must first register with Disability Accommodations & Success Strategies (DASS). Students can call 214-768-1470 or visit <http://www.smu.edu/Provost/SASP/DASS> to begin the process. Once approved and registered, students will submit a DASS Accommodation Letter to faculty through the electronic portal DASS Link and then communicate directly with each instructor to make appropriate arrangements. Please note that accommodations are not retroactive and require advance notice to implement.

Religious Observance

Religiously observant students wishing to be absent on holidays that require missing class should notify their professors in writing at the beginning of the semester, and should discuss with them, in advance, acceptable ways of making up any work missed because of the absence (<https://www.smu.edu/StudentAffairs/Chaplain/ReligiousHolidays>)

Excused Absences for University Extracurricular Activities

Students participating in an officially sanctioned, scheduled University extracurricular activity should be given the opportunity to make up class assignments or other graded assignments missed as a result of their participation. It is the responsibility of the student to make arrangements with the instructor prior to any missed scheduled examination or other missed assignment for making up the work. (2018-2019 University Undergraduate Catalogue)

Honor Code

Academic misconduct of any kind is prohibited by the SMU Student Honor Code. All work undertaken in this course is governed by the University's honor code - <https://www.smu.edu/StudentAffairs/StudentLife/StudentHandbook/HonorCode>.