

# Introduction to Microeconomic Theory

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## Course Description

This course is about the decision-making of individuals and groups facing scarcity. Each of us face hundreds of choices every day. And each of our choices plays out in our social and political environment, informing how our society faces decisions. In this class we will consider how people make these choices and how individuals' choices in groups interact.

Economists ask, “What decisions should and *do* we make when we can’t have everything?” Tools in this class will organize your thinking about the decisions we face as a society; some will help your own decision-making. Many consider this course to be one of the most important university classes you can take. I hope by the end of the semester you will agree.

This course organizes around some basic social questions.

- What goods and services should society produce when each of us has different skills?
- How are scarce resources distributed across individuals and time?
- How do incentives influence the decisions of households, firms, and governments?
- How can markets coordinate the actions of these groups of economic actors?
- Under what conditions do markets fail?
- What tools can the government use to address these failures?

At a high level, we will begin by building a model of cooperation, production, and shared benefit. Then we will look at how types of markets can coordinate decision-making between large groups of actors. In this framework, we will look at cases when markets work imperfectly and how government policy can address market failures. We will consider firms, market power, and how they behave in markets over time.

The course is delivered almost entirely asynchronously. There are no traditional lectures; exams are open book and take-home; homework is submitted and returned online. While this may be an unfamiliar structure for many, these methods have been in development for many years. And I’m excited for the opportunity to expand the academic frontier together. The prerequisites for this class are competence in basic algebra and geometry (graphing, linear equations, and slopes) and a willingness to work hard. Welcome!

## Course Resources

There are many resources available to help you master the material. Some of your time should be spent on homework, some on reading, and some in discussion with instructors (and colleagues). Economics is best learned through practice, so put in the time to master it. Resources include:

- **Canvas** holds the class together, where you'll find
  - Class announcements
  - Discussion threads
  - Topic tutorials (essentially asynchronous lectures)
  - Weekly homework
  - Study guides
  - Exam checklists
- **The Textbook** for the class
  - Gregory Mankiw, Principles of Microeconomics, 5th edition, Cengage Learning
  - The 5th edition is widely available. More recent editions include updated examples but no new topics. Any addition of the text will do, even other principles of microeconomics books are usable, but will involve more work on your part.
  - You can find the text with a simple search. Let me know if you have questions.
- **Gradescope** will be our portal to collect and return assignments.
- **Office Hours** are a great resource for questions

Office Hours		
Monday 10:00 - 12:00	Friday 3:00 - 5:00	Other Times
(Zoom Details on Canvas)	(Zoom Details on Canvas)	(By Appointment)

## Grading

Since you're taking this class I'm going to assume you're trying to learn. We will minimize busywork, trick questions, and the anxiety of high-stakes exams. Grading in this class is designed for you to demonstrate competency of this material, not induce anxiety. You will work hard, and in return you will leave this course with a deeper understanding of the principles of economics. If you put in a good faith effort and can demonstrate competency, you will succeed in this class.

Your highest scores will count for a relatively large portion of your grade. This lowers the stakes but also means you cannot simply sum the point totals up to see how you are doing in the class. Your final grade will be based on the weighted average of all your scores as the following:

- **Weekly Homework (15%)** assignments are due by 11:59 pm each Monday. Assignments will be completed using a template provided on CourseWeb and submitted individually online via Gradescope. Late assignments will typically not be accepted. Solutions will be posed each Tuesday. Your lowest homework grade will be dropped. All work should be your own and will be turned in individually.
- **Weekly Check-Ins (25%)** are a low-stakes environment in which you will deliver one randomly chosen homework or mini-exam question to the instructor verbally in a breakout room on Zoom. Individual times will be scheduled the first week of classes.
- **Miniexams (60%)** are designed for you to demonstrate competency. There will be five open-book, take-home mini-exams. Mini-exams will take place synchronously during the first 45 minutes of time given for class on Wednesdays. Class content inherently builds on itself, but mini-exams will focus on testing your mastery of the most recent topics. Your lowest mini-exam score will be dropped. Your top two mini-exam scores will count as 20% of your grade. Your third and fourth highest mini-exam scores will count as 10% of your grade. More details will be made available at the time.

Mini-Exam 1	Mini-Exam 2	Mini-Exam 3	Mini-Exam 4	Mini-Exam 5
May 20	May 27	June 3	June 10	TBD

Your exam should be your own and is subject to the **Academic Conduct Code** (below). During the mini-exams: 1) You *may* use material from the class, from your notes, and from the textbook; 2) You *may not* use any material that requires internet access. The instructor reserves the right to judge any material left unclear by these two guidelines. Please email me with any questions about what constitutes an academic violation. We take this very seriously.

Missed work typically cannot be made up. Let me know as early as possible if you anticipate submitting late work. While the final grade breaks will depend on the exact distribution of scores, the worst case scenario is as follows:

97.0% and above	A+	93.0% to 96.9%	A	90.0% to 92.9%	A-
87.0% to 89.9%	B+	83.0% to 86.9%	B	80.0% to 82.9%	B-
77.0% to 79.9%	C+	73.0% to 76.9%	C	70.0% to 72.9%	C-
67.0% to 69.9%	D+	63.0% to 66.9%	D	60.0% to 62.9%	D-

Below 60% is an F. All grades are rounded to the nearest tenth of a percent.

## Tentative Course Schedule

Assignment Dates		Topics & Reading
<b>Week 1. (May 11 - 15)</b>		<b>Overview and Principles:</b> Opportunity cost, comparative advantage, production possibility frontier, trade
Monday	<b>Due:</b> HW 1	
Tuesday	Posted: HW 1 Solutions & HW 2	
No Mini-Exam		Ch. 1, 2, 3
<b>Week 2. (May 18 - 22)</b>		<b>How Markets Work:</b> Supply, demand, elasticities, government policies, equilibrium
Monday	<b>Due:</b> HW 2	
Tuesday	HW 2 Solutions & HW 3 Posted	
Wednesday	<b>Due:</b> Miniexam Week 2	Ch. 4, 5, 6
<b>Week 3. (May 25 - 29)</b>		<b>Welfare in Markets:</b> Consumer surplus, producer surplus, deadweight loss, efficiency
Monday	<b>Due:</b> HW 3	
Tuesday	HW 3 Solutions & HW 4 Posted	
Wednesday	<b>Due:</b> Miniexam Week 3	Ch. 7, 8, 9
<b>Week 4. (June 1 - 5)</b>		<b>Public Economics:</b> The taxonomy of goods, externalities, public goods and common resources, designing the tax system
Monday	<b>Due:</b> HW 4	
Tuesday	HW 4 Solutions & HW 5 Posted	
Wednesday	<b>Due:</b> Miniexam Week 4	Ch. 10, 11, 12
<b>Week 5. (June 8 - 12)</b>		<b>Market Structures and Firms:</b> Production costs, competitive firms, monopolies, monopolistic competition, oligopoly
Monday	<b>Due:</b> HW 5	
Tuesday	HW 5 Solutions & HW 6 Posted	
Wednesday	<b>Due:</b> Miniexam Week 5	Ch. 13, 14, 15, 16, 17
<b>Week 6. (Jn. 15 - 19)</b>		<b>Factor Markets and Review:</b> Labor markets, factor markets
Monday	<b>Due:</b> HW 6	
Tuesday	HW 6 Solutions Posted	
TBD	<b>Due:</b> Miniexam Week 6	Ch. 18, (19, 20)

## Disability Services

If you have a disability, contact both the instructor and the Office of Disability Resources and Services (DRS), 140 William Pitt Union, 412-648-7890 as early as possible in the term. DRS will verify your disability and determine reasonable accommodations for this course.

## Academic Conduct Code

All students are expected to adhere to the standards of the Kenneth P Dietrich School of Arts and Sciences Academic Conduct Code (details at [as.pitt.edu/faculty/policies-and-procedures](http://as.pitt.edu/faculty/policies-and-procedures)). Any violation is a serious matter. Any student engaged in cheating, plagiarism, or other acts of academic dishonesty would be subject to disciplinary action, and will receive a zero on the mini-exam counting for 20% of their class grade.

## Final Notes

1. This class is designed for you to succeed. Work hard, be prepared, and don't hesitate to seek us out when you need help!
2. Students are responsible for all covered materials, announcements, and assignments.
3. Late assignments will not typically be accepted. I expect you to complete and upload your work early enough that you have time to work through any technology problems you run into. Please email me as soon as you run into problems. I understand if you might run into problems during these unusual times, so contact me as soon as problems arise.
4. Working together on homework is encouraged, but all work should be turned in individually.
5. Working together or consulting online resources during mini-exams is **not allowed**. You may only turn in your own work.
6. I reserve the right to modify materials/procedures, announced by email and Canvas.