Econ 3070: Intermediate Microeconomics

Spring 2002

Anouncements

In this area I will post course announcements.

Starting Announcement: Be sure that you are very familiar with this page. You are responsible for all information on this page.

- Class Time: MWF 1:00 to 1:50
- Room: Humanities 1B90
- Office Hours: MW 2:00 to 3:00 (or by appointment.)
- Office: Economics 14 C (Behind Room 14 in the Economics Basement.)
- Email: roblesj@spot.colorado.edu (please include IO in subject.)
- Date of Final: Thursday May 9, 7:30 to 10:00 AM
- Date of Quiz 0: Friday January 25
- Date of Midterm 1: Wednesday February 20
- Date of Midterm 2: Wednesday April 10

Course Requirements:

- Final: 30 percent.
- Midterms: There will be two, 20 percent each.
- Homework: approximately seven homework sets, worth (in total) 20 percent.
- Attendance/Class Participation: worth 10 percent.
- HW 0 and Quiz 0: required, but worth zero.

Important Facts you should know from day one:


- Some Rules of the Game
- Course Outline

- List of Homework Assignments and Solutions
- Test Distributions

Course Description
Economics generally studies the allocation of limited resources to best satisfy unlimited human wants. We might break economics into two branches, microeconomics and macroeconomics. Microeconomics, the subject of this course, studies the behavior of individual economic agents: consumers, workers, firms and managers. We will begin the course with a discussion of the notion of market equilibrium. In this discussion, we will focus on the behaviour and interaction between demand curves and supply curves. Of course, neither a supply curve nor a demand curve makes explicit mention of an economic agent. Hence, our next objective will be to understand the means by which such curves arise. We arrive at a demand curve by building a model of consumer preferences and choice. We next turn to a theory of production and profit maximization. From
this model, we may derive a supply curve. The above analysis is termed 'partial equilibrium,' because we treat one half of a market as fixed, while analysing the other half. That is, while studying firm behavior we will posit the existence of a demand curve. While studying consumer behavior, we will assume that firms charge a fixed price. We will next turn to 'general equilibrium,' also known as the theory of value. In this analysis we will posit neither a demand curve nor a supply curve, but will attempt to model the interaction between consumer choice and firm profit maximization. We will see how, under the appropriate circumstances, the price of an item will accurately reveal its value. This value will be identical for both consumers and producers, and, we will see, it is from this equivalence that notions of market efficiency arise. We shall, however, also emphasise the assumptions which are necessary for these notions of efficiency to hold, as well as the reasons why we might not think that the economic definition of efficiency is such a noble goal. This leads us naturally to the notion of externalities and the study of public goods. Time allowing we will study game theory and strategic behavior. Microeconomic analysis is based upon a small set of very powerful tools: constrained optimization, comparative statics and the notion of an equilibrium. This course places a fairly large emphasis on the understanding of these tools. It is, I think, reasonable to say that over half of the subjects in economics are mere applications of these tools.