INTERMEDIATE MICROECONOMICS

Spring 2002

Professor Yongmin Chen
Office: Econ 112
Tel. (303)492-8736
Office Hours: 1:30-2.45 p.m. on Tuesdays and Thursdays.
If you need to talk to me at other times, you are also welcome.

Course Description: This course is concerned with the behavior of individual economic agents and their interactions. It is aimed at helping you understand how individual economic agents make decisions and how markets work. The course is roughly composed of four parts. Part 1 introduces the basics of microeconomic analysis. It also serves as a quick review of some basic economic concepts. Part 2 studies consumer behavior and market demand. We will show how a consumer may make optimal choices, how individual demands are formed, and how market demand can be derived. Demand and choices under risk will also be discussed. Part 3 discusses the firm's technologies, production functions and production costs. We shall see how firms can make the optimal input choices to minimize production costs. This lays the foundation for the study of behavior of firms under different forms of market structure. Part 4 integrates the previous material into models of prices and outputs under different market structures. Topics in game theory and business strategies will be covered. Economic efficiency and public policy issues will also be discussed.

The presentation of the course is at the intermediate level. It is required that you have passed an introductory course in economics or microeconomics (such as ECON 1000-4 or ECON 2010-4), and have passed MATH 1050, 1060, 1070, 1080, 1090 and 1100. In order to take this course, you need to be familiar with calculus.

Course Materials: The textbook is Microeconomics: Theory/Applications, tenth edition, by Edwin Mansfield and Gary Yohe. I will indicate the required readings below.

Grading: Grades are based on homework and class attendance (10%), two midterm exams (25% each), and a final exam (40%). There is also an optional project, which is to write a short paper. If you choose to write the paper (see more details later), your highest two grades from the paper and the two midterm exams will then be used to count as 25% each. This will offer you an opportunity to improve your course grade if your performance in midterm exams is below your expectations.

You need to select a regular seat in this class, and I will use a class chart in order to get to know you better. You are required to attend all classes. If you must miss a class for some reason, you need to notify me beforehand. You are encouraged to form study groups to discuss homework and lecture materials. All exams will be in closed-book forms.

The course materials are arranged by topics (the topics are listed below), and each topic is usually covered over several classes. Often there will be a homework assignment for a topic, which is usually due
at the beginning of the first class for the next topic. You can start working on some problems in an assignment before I have finished the topic.

**How to Study effectively in this Course:** I suggest that you **read the assigned materials before each class**, so that you are prepared when you come to classes. After each class, I suggest that you **have a quick review within one day**. If you have questions, try to have them answered before we move on to new materials. The best time to ask me questions is during the class or at my office hours. But you are welcome at my office if you need to talk to me at other times; and if I am not immediately available, I will schedule a different time with you. You should pay special attention to the examples I give in my lectures and to the homework assignment questions; some questions of the similar nature will appear in the exams. It is also important for you to be familiar with the economic concepts covered in classes and the relations between the concepts.

**Note:** Students with disabilities who may need academic accommodations should discuss options with me during the first two weeks of class.

A tentative course schedule is attached below. There can be changes to this schedule during the semester, which will be announced in classes. It is your responsibility to update your information about the course according to announcements made in classes.

**Course Schedule:**

<table>
<thead>
<tr>
<th>Dates</th>
<th>Topic</th>
<th>Readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 15, 17</td>
<td>Introduction</td>
<td>Ch. 1; Ch. 2.</td>
</tr>
<tr>
<td></td>
<td>Assignment 1. pp.46-49: #2, 4, 5, 7, 9, 11</td>
<td>Assignment 1 is due on Jan. 22.</td>
</tr>
<tr>
<td>Jan. 22, 24, 29</td>
<td>Consumer Preferences and Choices</td>
<td>Ch. 3.</td>
</tr>
<tr>
<td></td>
<td>Assignment 2. pp.78-79: #1, 2, 3, 7.</td>
<td>Assignment 2 is due on Jan. 31.</td>
</tr>
<tr>
<td>Jan. 31; Feb. 5, 7</td>
<td>Individual and Market Demands</td>
<td>Ch. 4, pp.87-111; Ch. 5.</td>
</tr>
<tr>
<td></td>
<td>Assignment 3. pp.122-123: #2, 3, 4; pp. 150-151: #2, 7, 9, 10.</td>
<td>Assignment 3 is due on Feb. 12.</td>
</tr>
<tr>
<td>Feb. 12, 14</td>
<td>Demand and choices under Risk</td>
<td>Ch. 6, pp.153-170.</td>
</tr>
<tr>
<td>Feb. 19</td>
<td>FIRST MIDTERM EXAM: at normal class time.</td>
<td></td>
</tr>
<tr>
<td>Feb. 21, 26, 28</td>
<td>The Firm and Its Technology</td>
<td>Ch. 7.</td>
</tr>
</tbody>
</table>
Assignment 5. pp. 217-219: #3, 4, 5, 7, 8, 9, 11.
Assignment 5 is due on Mar. 5.

Mar. 5, 7 Input Choices and the Cost of Production Ch. 8
Assignment 6 is due on Mar. 12.

Mar. 12, 14 Price and Output under Perfect Competition Ch. 9
Assignment 7. pp. 295-299: #1, 3, 6, 7, 10, 12, 13, 14, 15.
Assignment 7 is due on Mar. 19.

Mar. 21 SECOND MIDTERM EXAM: at normal class time.

Mar. 19; Apr. 2, 4 Price and Output under Monopoly Ch. 11
Assignment 8. pp. 364-368: #2, 3, 5, 6, 9, 11, 16, 17.
Assignment 8 is due on Apr. 9.

If you choose to write the short paper, you should now start research on it. You have about four weeks to complete the paper.

Apr. 9, 11 Monopolistic Competition Ch. 12. pp. 369-382.

Apr. 16, 18 Oligopoly and Game Theory Ch. 12. pp. 384-404;
Assignment 9: pp. 407-409: #2, 7, 9, 10 Ch. 13.
Assignment 9 is due on Apr. 23.

Apr. 23, 25 Game Theory and Strategic Behavior Ch. 13
Assignment 10: pp. 438-441: #1, 3, 5, 6
Assignment 10 is due on Apr. 30.

Apr. 30; May 2 Economic Efficiency and Public Policy Ch. 16: pp. 531-532, 539-551;
The optional short paper is due on May 2 Ch. 17

Final Exam

Optional Project
Format: A short paper, about 3-5 pages (typed, double-spaced).

Purpose: Applying the theory and concepts of microeconomics to analyzing a practical economic problem.

Schedule: The completed paper is due on May 2.
Suggested topics for the paper:

1. You may choose to discuss and analyze issues such as the business strategy of a firm, the pricing policy of a firm (or several firms), the economic conditions of a market, or the competition in a market, from your readings of newspapers or magazines or from your own experiences.

2. You may choose to discuss and analyze the economic issues facing a firm or an organization that you are personally familiar with. You may want to discuss and analyze one or several issues of the firm or the organization, such as the determinants of demand for the firm and for the market of which the firm is a part, the determinants of costs for the firm or the organization, the economic decision problems facing the organization, and how these change over time. You may also want to discuss how factors such as demand and costs affect management and organization strategies.

3. You may also choose topics such as:
   -- The best new business on CU campus. (You need to identify a product, analyze demand and cost conditions, and argue why this is a promising product to be offered on CU campus, etc.)
   -- How and why prices differ in two stores or two locations. (You need to be specific about the stores or the locations, and be specific about the price information.)