INTERMEDIATE MICROECONOMIC THEORY

ECO-3070 Section 100  Call # 731597
Econ 117  12:30-01:50 TR  Spring 1992

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Office: Econ 202  Phone: 492-7740
Hours: 10:50-12:25 TR or by appointment
Emergencies: Home: 779-0907
COURSE DESCRIPTION

This course explores the foundations of many important microeconomic concepts and applies them to business and household decisionmaking as well as public policy. Areas to be covered in depth include: supply and demand, elasticity, consumer choice, production and costs, market structures, resource markets, and general equilibrium and welfare analysis. Interspersed will be discussions of public microeconomics, including such topics as antitrust, regulation, and the effects of various taxes and subsidies. Mastery of the tools developed in this course will be extremely beneficial when you take other upper-division courses.

GRADING POLICY AND EXAMS

Evaluation of your performance in this class is based on 10/12 quizzes or homework assignments (your lowest two will be dropped), two major exams, one original paper, and a comprehensive final exam. The student making the top score on each major exam will be assigned a grade of 100%, and all other scores will be adjusted accordingly. The following scale and weights will then be applied:

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<tr>
<th>GRADE SCALE</th>
<th>POINTS - POTENTIAL</th>
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<tr>
<td>A = 900</td>
<td>10/12 Quizzes or Assignments - 250</td>
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<tr>
<td>B = 800</td>
<td>Major exams 1 &amp; 2 (150 each) - 300</td>
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<td>C = 700</td>
<td>Term Paper - 100</td>
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<td>D = 600</td>
<td>Comprehensive Final Exam - 350</td>
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<td>F = 599 or less</td>
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TOTAL 1000

NOTE: Students lacking a good background in the principles of microeconomics are unlikely to pass and should withdraw ASAP.

NOTE: Normally, homework will be due or quizzes will be given each Thursday, unless a major exam is scheduled.

EXAMS Lectures will not necessarily be repetitions of readings. They will parallel and supplement the text. All reading assignments and materials presented in lectures are fair game on examinations, which will be mixtures of multiple choice, true/false, fill-ins, short answer, and essay. You will have options on each major exam as to the questions you answer. All students are required to take the comprehensive final.

TERM PAPER: All written homework assignments must be typed (double-spaced), and must be headed by your name, followed by ECON 3010. Late or improperly formatted homework will receive zero credit. Write a paper applying microeconomics to a contemporary economic problem in a very creative manner. This paper will be graded on quality, not weight.
ATTENDANCE AND MAKE-UPS

Attendance is not required, but is strongly suggested. Most students perform satisfactorily if they attend class regularly, read (and reread) the text, and do all their homework. Some topics covered in class are not included in the text or reading material. You are responsible for all materials covered in missed classes, and should acquire copies of notes from students who were present. Failure to keep up in this course can be fatal to your grade. Missed exams or quizzes will be made-up through added weight on the comprehensive final exam.

**** NO OTHER MAKE-UP EXAMS WILL BE GIVEN ****

TEXTBOOKS AND MATERIALS


Recommended: Reviews of parallel sections of a text for principles of microeconomics. For your convenience, the schedule below provides parallel chapter references from Byrns & Stone, Economics, or Microeconomics, 5/e, HarperCollins Publishers, 1992.

Also Recommended: A subscription to The Wall Street Journal.

CHECKLIST:

1. Multicolored pens, a clear plastic ruler and a French curve?
2. Do you have a quiet place to study, with ample desk space and adequate lighting?
3. Have you considered forming a study group for this course?
4. Have you reviewed supply-and-demand analysis from your principles course?

If you can respond in the affirmative to these questions - Bon Appetit!

OUTLINE AND SCHEDULE

WEEK  DATES  TOPICS

1  Jan 16  ORIENTATION

  1. Course Requirements and General Information
  2. Theories/Methods of Economics

READING ASSIGNMENT:  Chapter 1  (P&R)
Recommended Review:  Graphical Analysis + Chapter 1  (B&S)
2 Jan 20 - 24  DEMAND & SUPPLY ANALYSIS
1. The Demand Curve
   a. Determinants of Demand
   b. Shifting the Curve
   c. Market Demand Curves
2. The Supply Curve
   a. Determinants of Supply
   b. Shifting the Curve
   c. Market Supply Curves
MARKETS AND EQUILIBRIUM
1. Shortages and Surpluses
2. Equilibration: Prices and Quantities
3. Taxes, Subsidies, Floors, and Ceilings

READING ASSIGNMENT:  Chapter 2  (P&R)
Recommended Review:  Chapters 2 - 4  (B&S)

2 Jan 27 - Jan 31  ELASTICITY ANALYSIS
1. The Price Elasticity of Demand
2. Other Elasticity Measures
MARGINALISM AND CARDINAL UTILITY ANALYSIS
1. Decisions at the Margin
2. Utilitarianism
3. Marginal Utility and Demand
CONSUMER CHOICE: ORDINAL ANALYSIS
1. Indifference Curves and Budget Constraints
2. Optimization
3. Price- and Income-Consumption Curves

READING ASSIGNMENT:  Chapter 2 and 3  (P&R)
Recommended Review:  Chapters 5 - 6  (B&S)

3 Feb 3 - Feb 7  EXTENSIONS OF DEMAND AND SUPPLY
1. Income and Substitution Effects
2. Equivalent vs. Compensating Variations
3. Consumer Surplus

READING ASSIGNMENT:  Chapter 4  (P&R)