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Course Outline (Fall 2003)

ECONOMICS 3070-001

Intermediate Microeconomic Theory

The purpose of this course is to introduce undergraduate students to the basic concepts in microeconomics analysis. Through examples and the use of algebra, graphs, and tables, students will have a good understanding of the theory of consumer behavior, the theory of the firm, and how markets work. Theory will be supplemented by applications drawn from the real world. By the end of the course, you should be very familiar with economic modeling and analysis.

There will be some (two to four) quizzes, one midterm exam, and one final exam (all of them are closed book, closed notebook tests). Problem sets will be assigned regularly, even though they will neither be collected nor graded. You should try to solve the problem sets independently, as this is the only effective way to prepare you for the exams. On the other hand, study groups discussing course materials are encouraged.

Grading: quizzes -- 30%
 midterm -- 30%
 final exam -- 40%

In order to register in this section, students should have completed at least a one-semester course in calculus.

If you have specific disabilities that require accommodation, please let me know early in the semester so that your learning needs may be appropriately met. You will be required to provide documentation of your disability to the Disability Services Office in Willard 322 (telephone: 303-492-8671).

Textbook: *Microeconomics: An Integrated Approach*, by David A. Besanko, Ronald Braeutigam, John Wiley & Sons, Inc, 2002.

Quizzes: *Time to be announced in class in advance*

Midterm Exam: *Wednesday, October 15, 2003, in class*

Final Exam: *1:30pm – 4:00pm, Wednesday, December 17, 2003*

The following is a tentative plan of what we are going to discuss in this course. Topics actually covered will depend on students' background and interests. Students are required to attend each and every class. Only those materials covered in class are to be tested in quizzes and exams.

Chapter 1. Analyzing Economic Problems

Constrained optimization, equilibrium analysis, comparative statics

Chapter 2. Supply and Demand Analysis

Demand curves, supply curves, market equilibrium, elasticity

Chapter 3. Preferences and Utility

Indifference curves

Chapter 4. Consumer Choice

Consumer choice with composite goods, revealed preference

Chapter 5. The Theory of Demand

Effects of a change in price, income, and income and substitution effects

Chapter 6. Inputs and Production Functions

Marginal rate of technical substitution, returns to scale

Chapter 7. Costs and Cost Minimization

Cost concepts for decision making, cost minimization and the optimal choice of inputs, input demand curves

Chapter 8. Cost Curves

Total cost curves, average and marginal cost curves

Chapter 9. Perfectly Competitive Markets

Short-run supply curves, short-run equilibrium, free entry and long-run equilibrium

Chapter 10. Competitive Markets: Applications

Impact of an excise tax, price ceilings, price floors, production quotas

Chapter 11. Monopoly and Monopsony

Profit maximization by a monopoly and the inverse elasticity pricing rule, monopoly comparative statics, multi-plant monopoly, cartels, monopsony

Chapter 12. Capturing Surplus

First degree, second degree, and third degree price discrimination

Chapter 13. Market Structure and Composition

Oligopoly with homogeneous and differentiated products

Chapter 14. Game Theory and Strategic Behavior

Nash equilibrium, sequential move games, strategic move

Chapter 15. Risk and Information

Bearing and eliminating risk, auctions