

Department of Economics  
Intermediate Microeconomic Theory  
Spring Semester 2007

Economics 3070-004

Instructor: Rachael Small

Office: Economics 4A(lower level)

Office Hours: TR 10-10:50am and 1:15-1:50pm

Class location: HLMS 267

E-mail (preferred means of communication): [R.Small@Colorado.edu](mailto:R.Small@Colorado.edu)

Course Website: [www.colorado.edu/Economics/courses/Small/](http://www.colorado.edu/Economics/courses/Small/)

Textbook website: <http://he-cda.wiley.com/WileyCDA/HigherEdTitle/productCd-0471457698.html> This is a great resource for self testing and learning! You do not have to log in. Just use the menu on the left.

**Course Prerequisites:** Econ 2010 *and* Econ 1088 or Math 1310 or Math 1081 or Math 1100, or APPM 1350. You are strongly discouraged from taking this course if you have had only Econ 1000 in place of Econ 2010. Students will be required to show proof of completed prerequisites, or they will be dropped from the course. We will use partial derivatives extensively. We will solve constrained minimization problems.

**Course Description:**

The subject matter for intermediate microeconomic theory is the basis for almost everything economists do. This course is concerned with the behavior of individual economic units, (the firm, the industry, and the individual) and their interactions with one another. You will learn how individual economic units make decisions, and how markets work. In addition to an initial review of basic supply and demand, the course is divided into four sections. The first deals with consumer behavior and market demand. We show how consumers make optimal choices, how individual demand is formed, and how market demand is derived. Part two covers technology, production costs, production functions, and cost minimizations methods. Part three covers the various market structures, price and output determination, and optimal business strategies for those market structures. Part four discusses economic efficiency and public policy issues. However, throughout the course we will be focusing on public policy issues to answer applied problems.

**Required text:**

*Microeconomics*, second edition, by David Besanko and Ronald Braeutigam.

**Class requirements:** Please select a regular seat in this class. I will use a class-seating chart in order to get to know you better. Come to class prepared to participate, and to put problems on the board when requested. We are all here to learn from one another (yes, I also learn from you), and to exchange ideas. The class format will be lecture, often using an applied problem, followed by discussion and student problem solving in groups. You are encouraged to form study groups to discuss homework and lecture materials.

**Study tips:**

- Read the assigned materials before each class so that you are prepared when you come to class.
- After class, review your notes within one day, and write your questions down to ask during the next class. Make sure you get questions answered before we move on to new material
- Do the assigned homework problems, and extra problems time permitting.
- If you make errors on the homework assignment, seek help immediately to resolve anything you don't understand. Do not let errors on homework pile up.
- Make a friend or friends in class with whom you can study and do homework.

**Grading:**

Homework	10%
2 mid-term exams @30% each*	60%
Final exam (comprehensive)	<u>30%</u>
Total	100%

\*An optional test will be given and the lowest score from the optional and two mid-term exams will be dropped. **No make-up tests will be given for any reason.** The optional test is used as a make-up exam, and by those wishing to drop their lowest score. It is not a mandatory exam.

**Homework Assignments:**

Homework assignments are posted to the website before the start of each chapter. There will be a homework assignment for each chapter covered in class. Answers will be posted to the course website after the completion of each assignment. Please feel free to prepare homework in groups. However, each individual must hand in his or her own homework. *These problem-solving assignments form the core of the learning format of this class.* As an incentive, you will be given one point for each of ten homework assignments handed in. I will not grade the accuracy of these assignments, but merely give you credit for attempting to complete them as best as you can. Answers are posted on the course website. It is up to you to check the website to ensure that you answered the questions correctly. It is up to you to seek help (from me or anyone) if you find you are not completing the problems accurately. I will answer questions pertaining to homework assignments on the day those assignments are due. You may also ask questions during my office hours.

**Problem Sets:**

Problem sets will be posted on the course website. You are to download and print them and bring them to class on the assigned dates. You will solve these problems in groups during class.

**Exams:**

All exams will be a combination of multiple choice and problem solving. Many questions will be taken from homework assignments, end of chapter questions, class discussions, and relevant articles I post on the website.

**Course Outline:**

As the course progresses changes will be announced in class, and on our website.

<b>Date</b>	<b>Topic</b>	<b>Chapter</b>
Jan 16,18	Analyzing Economic Problems	Chapters 1,2
Jan 23,25	Consumer Preferences and Utility	Chapter3
Jan 30, Feb 1	Consumer Choice	Chapter 4
Feb 6,8	Consumer Choice	Chapter 4
Feb 13,15	Theory of Demand	Chapter 5
<b>Feb 20</b>	<b>Mid-Term 1</b>	<b>Chapters 1-4</b>
Feb 22	Inputs and Production Functions	Chapter 6
Feb 27, Mar 1	Inputs and Production Functions	Chapter 6
Mar 6,8	Costs and Cost Minimization	Chapter 7
Mar13,15	Long Run Cost Curves	Chapter 8 pp259-274
Mar 20	Review	Class is optional
<b>Mar 22</b>	<b>Mid-Term 2</b>	<b>Chapters 5,6,7,8 (LR cost curves only) to p. 274</b>
<b>Mar 27,29</b>	<b>Spring Break</b>	<b>No class</b>
Apr 3	Short Run Cost Curves	Chapter 8 pp274-290
Apr 5,10	Perfectly Competitive Markets	Chapter 9
Apr 12,17	Competitive Markets: Applications	Chapter 10
<b>Apr 19</b>	<b>Optional Mid-Term</b>	<b>Chapters 1-8</b>
Apr 24,26	Monopoly and Monopsony	Chapter 11
May 1,3	General Equilibrium Analysis	Chapter 16
<b>May 5, Saturday</b>	<b>Final Exam</b>	<b>1:30pm our classroom</b>

**Students with Disabilities:**

If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services (DS) early in the semester so that your needs may be addressed. DS determines accommodations based on documented disabilities (303-492-8671), Willard 322,

**Religious observances:**

Campus policy states that every effort shall be made to reasonably and fairly deal with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance. Students should notify the instructor of anticipated conflicts as early in the semester as possible so that there is adequate time to make

necessary arrangements. The full text of the Boulder campus policy is available at [http://www.colorado.edu/policies/fac\\_relig.html](http://www.colorado.edu/policies/fac_relig.html)