

ECON 3070-100 INTERMEDIATE MICROECONOMIC THEORY
Summer 2006, Department of Economics
University of Colorado at Boulder

Instructor: Scott Savage, Assistant Professor

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Office hours: WF 11:30-12:15pm or by appointment

Class time and location: Daily 12:45-2:20pm, ECON 117

Class website: <http://webct.colorado.edu> (please check regularly)

Course Description

Intermediate Microeconomic Theory introduces students to the basic microeconomic concepts and tools used to analyze individual and firm behavior under conditions of scarcity. The course comprises five parts. Part I reviews supply and demand, and mathematical concepts used by economists. Part II examines consumer choice and demand applications. Theory of the firm analyses firm technology, costs and production in Part III. Part IV examines pricing and output under perfect competition, general equilibrium and economic welfare. Market power, structure and price discrimination are covered in Part V. Part VI examines special topics such as externalities and public goods.

Objectives

Learn and apply the basic tools used by economists to understand how agents interact with one another, how they make optimal decisions, and how markets are organized.

Become comfortable using diagrams, algebra, calculus and other mathematical concepts to develop economic models for use in an applied setting.

Develop oral and written communication skills with classroom interaction, homework assignments and examinations.

Prerequisites

Available to students who have completed ECON 100 Introduction to Economics or ECON 2010 Principles of Microeconomics, and either ECON 1078 Math Tools for Economists I and ECON 1088 Math Tools for Economists II, or MATH 1300, or MATH 1310, or MATH 1081, or MATH 1080, 1090, and 1100, or APPM 1350, or equivalent.

Students that do not meet the prerequisites (above) will be administratively dropped from the course.

The course will be taught with mathematical emphasis. Students should be familiar with microeconomic principles, algebra, calculus, integration and optimization techniques covered in prerequisite classes, and be comfortable expressing these concepts in short-answer questions in homework assignments and examinations.

Textbook

The required textbook is *Microeconomics: An Integrated Approach*, 2nd edition, by David Besanko and Ronald R. Braeutigam, 2004, John Wiley & Sons, New York, ISBN 0-471-45769-8.

Closed reserve

The following books are available from closed reserve in the Norlin library

Barnett, R., Ziegler, M., and Byleen K. 2005. *College Mathematics for Business, Economics, Life Sciences and Social Sciences*, 10th edition, Pearson Prentice Hall, Upper Saddle River.

Besanko, D., and Braeutigam, R. 2004. *Microeconomics: An Integrated Approach*, 2nd edition, by David Besanko and Ronald R. Braeutigam, 2004, John Wiley & Sons, New York, ISBN 0-471-45769-8.

Class requirements

The class meets daily from 12:45-2:20pm. Try to select a regular seat in class so it is easier for me to get to know you. Although there is no grade for attendance, attendance and class participation will be duly noted. To receive a passing grade, you are required to attend a minimum of 80 percent of the lectures (note, also, that students who miss the first two classes will be administratively dropped from the course). A sign-in sheet will be circulated during each class, and it is your responsibility to make sure that you have signed in by the end of class. Please be aware that the critical thinking required for successful completion of this course may not come naturally for many students. Class exposure to model building, applied problems and solutions is the best way to become proficient in the application of microeconomic theory.

Feel free to form study groups to review and discuss lecture/reading material, homework questions, etc., but you must submit individual work for grading (hint: if you work with a study group or individual class mates on homework, please list the names of these persons on the front page of your submitted homework).

Students should:

- (a) attend five classes per week;
- (b) read the assigned chapters prior to lectures;
- (c) review and augment notes after lectures;
- (d) complete homework assignments;
- (e) complete one mid-term examination; and
- (f) complete one final examination

Students are also expected to be punctual, polite and prepared to engage in discussion with the instructor and class mates. See <http://colorado.edu/policies/classbehavior.html> for University of Colorado policies on student classroom and course-related behavior.

Grading

There will be five homework assignments (three of the five will be randomly graded and allocated to the overall homework grade), one mid-term examination, and one final examination. The weightings for these assessments are:

Homework assignments	(3×10%)	30 %
Mid-term exam	(1×30%)	30 %
Final exam	(1×40%)	40 %

The mid-term and final examination will consist of short-answer and problem solving questions (similar to homework questions and class applications) that require students to use diagrammatic, mathematical and written skills to prove their answers.

There will be no make-up homework assignments or mid-term examination unless there is a proven emergency or other unusual circumstances that have been discussed with the instructor prior to submission/completion dates. If you are aware of any problems that may hinder your performance in the class please discuss with the instructor sooner than later. Any student that misses the mid-term examination due to proven emergency or other circumstances may have their final exam weighted at 70 percent with instructor approval.

The final examination for *ECON 3070* is scheduled for Friday, July 7. See <http://www.colorado.edu/summersession/calendar.html>.

Important dates for assessment

Jun 7	Homework 1
Jun 14	Homework 2
Jun 21	Homework 3
Jun 23	Mid-term examination
Jun 28	Homework 4
Jul 5	Homework 5
Jul 7	Final examination

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.

Honor code

The University has recently adopted a student Honor Code. Students should familiarize themselves with its tenets at <http://www.colorado.edu/academics/honorcode/>. Students will be asked to include this pledge on various assignments and tests: "On my honor, as a University of Colorado at Boulder student, I have neither given nor received unauthorized assistance on this work."

Disability services

If you qualify for accommodations because of a disability please submit to me a letter from Disability Services in a timely manner so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities (303-492-8671, Willard 322, www.colorado.edu/disabilityservices).

Tentative course outline

Proposed topics are provided in Table 1. Please note the course outline is subject to change during the term depending on how fast we work through the proposed topics. All changes will be announced in class and online through <http://webct.colorado.edu>.

Date	Topic	Reading
Jun 5	Part I. Review - Introduction, analytical tools	Ch 1
Jun 6	- Demand & supply	Ch 2
Jun 7	Part II. Consumer Theory - Preferences, utility functions	Ch 3
Jun 8, 9	- Consumer choice	Ch 4
Jun 9, 12	- Demand curve, applications	Ch 5
Jun 13, 14	Part III. Theory of the Firm - Inputs & production functions	Ch 6
Jun 15, 16	- Cost minimization	Ch 7
Jun 19	- Cost curves, exam review	Ch 8
Jun 20, 21	Part IV. Perfect competition - Perfectly competitive markets	Ch 9
Jun 22 Jun 23	- Consumer & producer surplus - <i>Mid-term examination</i>	Ch 5, 9 Ch 10
Jun 26, 27	- Applications, policy	Ch 10
Jun 28	Part V. Market Power, Structure & Pricing - Monopoly	Ch 11
Jun 29, 30	- Price discrimination	Ch 12
Jul 3, 5 Jul 4	- Oligopoly, game theory - <i>No class</i>	Ch 13, 14
Jul 6 Jul 7	- Review - <i>Final examination</i>	