

INTERMEDIATE MICROECONOMIC THEORY (920:104)

SPRING 2009

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Course description: (see page 244 of catalog) Intermediate *level micro-economics. Theory of consumer choice, of the business firm, and of resource allocation.*

Course objective: This course covers many of the same topics discussed in Principles of Microeconomics (920:054) but in greater depth and with greater analytical rigor. Microeconomics is the study of the ways in which individuals and firms make choices. Specifically, we study 1) how individuals and firms make decisions about how to use the resources they control and 2) how the interactions of individuals and firms affect the overall allocation of society's resources. In this course we will acquire powerful tools for understanding a remarkable range of economic and social phenomena.

Required text: *Microeconomics: An Integrated Approach.* David Besanko and Ronald Braeutigam. Third Edition. New York: John Wiley & Sons, 2008. ISBN 978-0-470-04924-2.

Note: Older editions would be fine too. Just check with me about page numbers and problem numbers.

Materials: Basic scientific calculator. Please note that you are not allowed to use PDAs, programmable calculators, cell phones, head phones, and iPods.

Pre-requisites: 920:053 Principles of Macroeconomics and 920:054 Principles of Microeconomics. I will also assume that you have a thorough knowledge of high school geometry and algebra.

Attendance: Although I do not have a formal attendance policy, I expect students to attend all class periods. If you miss class, it is your responsibility to obtain the lecture notes from another student and to contact me to obtain any handouts, announcements, and/or other assignments. For obvious reasons, I do not provide students access to my notes. Therefore, my advice is to meet some of your fellow students early on in the semester so that you will know someone in case you miss a class.

Evaluation: Your grade in this course will be based on your performance on in-class quizzes and exams. The following table shows how each will be weighted in the calculation of your grade.

Assignment	Points	Percent
Quizzes (5/6)	75	15%
Midterm Exams (3)	300	60%
Comp. Final Exam (1)	125	25%
Total	500	100%

The quizzes will consist of 5 multiple-choice questions worth 3 points each. I will announce quiz dates at least two class periods prior to the testing date. The exams will be a combination of multiple-choice and short-answer questions. The exams will consist of 20 multiple-choice questions worth 3 points each and 2-4 short-answer questions worth a total of 40 points. I will announce exam dates at least one week prior to the testing date. The final exam is comprehensive. The final exam will consist of 25 multiple-choice questions worth 3 points each and 2-4 short-answer questions worth a total of 50 points.

Your cumulative points will determine your final grade. Final grades will be determined based on the following scale.

Grade	Points	Grade	Points
A	460-500	C+	390-399
A-	450-459	C	360-389
B+	440-449	C-	350-359
B	410-439	D	300-349
B-	400-409	F	0-299

I am aware that students have bad days and that students learn at different paces. If a student performs poorly on a midterm exam, he/she will be given an opportunity for “redemption.” Here is how the redemption policy works. There will be three midterm exams during the semester. If a student has a higher score on the final exam for a given section than his/her score on the midterm exam for that section, the student will be given 20% of the improvement added back to the midterm score. In other words, for every 5% improvement on the final exam, 1% will be added to your midterm score.

For example, suppose Joe Student scores 50% on midterm II. Joe studies intensely for the final exam and scores 100% on the questions pertaining to section II of the course. Mr. Student will be given a score of 60% on Midterm II and 100% for the section II questions on the final exam when computing Joe's final course grade. This process does not work in reverse: if Joe had scored 100% on midterm II and 50% on the section II questions on the final exam, he would not be given a 60% for the section II questions on the final exam.

Please note that because UNI offers plus/minus grading, it is very possible to miss the next highest grade by only a few points (even one!). This will happen, so be aware of this possibility. On the positive side, the use of plus/minus grading softens the blow of missing the next highest grade by a few points.

If you want to appeal any grade for any reason, you must contact me no later than one week from the date I post your scores or return your assignment.

I DO NOT GIVE MAKEUP QUIZZES OR EXAMS FOR ANY REASON other than a University-sponsored activity and then only with proper documentation. If you notify me prior to a quiz/exam, I may grant an excused absence. This decision is entirely at my discretion. If I grant an excused absence, I will make other grading arrangements. If you have an unexcused absence, your quiz/exam score will be a zero.

Please note that if you choose to miss class on the Friday before or Monday after the Spring Break recess, you run the risk of missing a quiz or exam. Travel for the Spring Break recess will not qualify as an excused absence.

Anything discussed in class or any topic in the assigned reading from the textbook is “fair game” for the exams. The questions will test your ability to understand and recall basic principles. They also will test your understanding of applications of theories and models. You must understand how to use the tools that we learn to analyze hypothetical and “real world” problems. You must learn to manipulate the models and tools to get answers to problems that you encounter for the first time.

Suggested Study Techniques: Economics is a lot like math—today’s topic builds on yesterday’s topic. Please ask questions as they arise—if you are confused about today’s topic, chances are you will be even more confused about tomorrow’s topic. Get your questions answered on a weekly basis. Don’t let your confusion build until the day before the exam.

In this class, we learn economics by “doing” as well as by listening and reading. This is not the type of class where “cramming” is recommended. Attending class EVERY TIME is essential; my tests are largely based on material that we cover in class. Teaching yourself economics by reading the textbook is a lot like teaching yourself calculus by reading your calculus textbook—not too many people can do this!

ADA Policy: “The Americans with Disabilities Act of 1990 (ADA) provides protection from illegal discrimination for qualified individuals with disabilities. Student requesting instructional accommodations due to disabilities must arrange for such accommodation through the Office of Disability Services. The ODS is located at: 213 Student Services Center, and the phone number is: 273-2676.”

Course Repeat Policy: Students enrolled in a College of Business Administration (CBA) course at the beginning of the second week of the Spring 2009 semester, will not be allowed to register again for the same course until the end of advance registration for Fall 2009. Students who wish to re-register for a course may place their name on a waiting list. Registration accommodation will depend on course openings after the completion of Fall 2009 advance registration.

Cheating: Cheating on tests or quizzes, including but not limited to passing of answers, copying, cheat sheets for exams, etc., will be dealt with harshly. Punishment will include course

failure, UNI expulsion if possible, and execution where appropriate (see Prof. Abraham, department head, for details on methods of execution).

Dates to Remember: PLEASE monitor the dates for DROP/W deadlines carefully. Requests for my signature to "exit" the course after those deadlines will NOT be honored.

Tentative Outline of Topics – Intermediate Microeconomics

I. Consumer Theory (plus general introduction from Chapter 1 – read this on your own)

- A. Consumer Preferences and the Concept of Utility
Chapter 3, all sections except quasi-linear preferences

Quiz I

- B. Consumer Choice
Chapter 4, sections 4.1-4.3, except corner-point solutions for Cobb-Douglas preferences, l-b-d exercise 4.3, joining a club, borrowing and lending, quantity discounts

- C. The Theory of Demand
Chapter 5, sections 5.1-5.5, except l-b-d exercises 5.3 and 5.6, compensating variation and equivalent variation
Chapter 2, sections 2.1-2.4, except constant elasticity demand curves and l-b-d exercise 2.6

Quiz II

EXAM I

II. Producer Theory

- A. Inputs and Production Functions
Chapter 6, sections 6.1-6.5, except elasticity of substitution and CES production function

Quiz III

- B. Costs and Cost Minimization
Chapter 7, sections 7.1-7.4, except corner-point solutions for Cobb-Douglas production functions and price elasticity of demand for inputs

- C. Cost Curves
Chapter 8, sections 8.1-8.2, except output elasticity of total cost

Quiz IV

EXAM II

III. Perfect and Imperfect Competition

- A. Perfectly Competitive Markets
Chapter 9, sections 9.1-9.5, except some nonsunk costs, l-b-d exercise 9.2, comparative statics analysis of the short-run equilibrium; Chapter 2, price elasticity of supply (pages 49-50)

Quiz V

- B. Monopoly

- Chapter 11, sections 11.1, 11.5-11.6, plus pp. 424-425 and pp. 427-428*
- C. Capturing Surplus
Chapter 12, sections 12.1, 12.4 (through p. 472); 10.2 is also helpful
- D. *Chapter 10, sections 10.1-10.3, 10.6-10.8; Chapter 16, sections 16.1, 16.4*
- Quiz VI**

EXAM III

Comprehensive Final Exam: Tuesday, May 5, 10 – 11:50 (11 a.m. class)
Monday, May 4, 1 – 2:50 (12 p.m. class)