

Intermediate Micro Economics

[Building] [Room number] | [Class days/times]

Email: [name@domain]
Office: [building] [room]

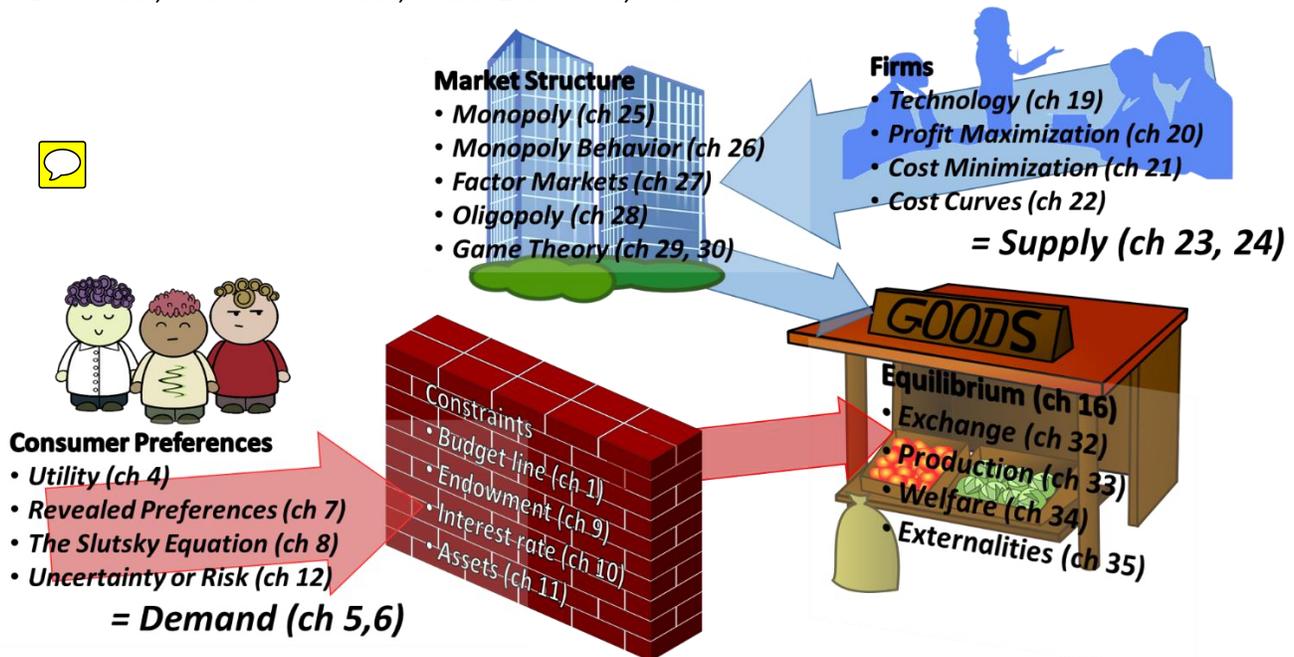
Office Hours:
[Day / Time]
and by appointment or drop in

Course Overview

It has been said that if you can teach a parrot to say “Supply and Demand” then you have an economist. While I’d like to believe that a decade of training in economics was worth more than that for me, the saying does have some validity. Supply and demand are the core of economics, and as such the core of this course.



Intermediate Microeconomics builds on basic concepts introduced in Introductory Microeconomics. It lays the foundation for more rigorous analysis and will prepare you for various upper level topical courses like Game Theory, Public Finance, Industrial Organization, Development Economics, Labor Economics, International Trade, Health Economics, etc.



Prerequisites

Introductory micro is a prerequisite. Without that course you will need my permission to enroll. While not a formal requirement, you also will need a basic knowledge of calculus. If you fear your calculus skills are not very strong, or are brave and are trying to take this course without calculus a one night crash course will be held the second week of class.

Introduction

Economics is built on the ideas of optimization (how choices are made) and equilibrium (the interaction of different agents' choices). We start by analyzing consumers with the assumption that they maximize "utility". We then look at firms/producers assuming they maximize profits. Finally, we look at how the two interact in equilibrium.

In economics, models often include assumptions that could be considered unrealistic. This can make some models useless. Instead of thinking about models as reality, it is helpful to think of models as maps. They are abstractions that help illustrate a point and are an aid to get somewhere. Most useful maps of the subway system are terribly inaccurate. They leave out a lot of detail and often times are not even to scale! However, if you want to figure out which station you need to switch from the F line to the 5 those maps are really helpful.

It is very important to keep in mind what models can be used to answer which questions, and the limitations of those models. A metro map will help you catch your train, but if you're hiking in the wilderness it is useless. A topographical map is probably useful there.

In this course we will develop models and think about the assumptions that underlie them. I will ask you to question the models: Are they reasonable approximations of reality? How reasonable are the assumptions? What are the implications if they are relaxed?

Course Objectives

After taking this course you will be able to take some assumptions about

- What is needed to produce a product (formalized as production function)
- What inputs cost
- How consumers value that product (formalized in a utility function)

and construct models relating firm behavior (supply) and consumer behavior (demand). These equilibrium models will enable you to talk about the gains from trade (profits/producer surplus, consumer surplus) and the potential cost of market frictions and inefficiencies (taxes, externalities). You will be able to talk intelligently about how market structure impacts each of these features, and how cost structures impact market structure.

While this course can get math-heavy, emphasis will be placed on knowing the conceptual underpinnings and applying these concepts to the real world. I am well aware that few of you will actually use these models and this math post-graduation. My goal is that you will use the critical thinking skills and the economic concepts from this course to be able to intelligently analyze and understand current events, politicians' claims the behavior of companies. In general, this course will give you a better understanding of the world around you.

Class Expectations

Classes will be interactive. I will not spend the entire time lecturing. I expect that you read the assigned chapters **before** class and obtain a certain level of familiarity with the material. You will often work on problems in class and discuss scenarios with others. You are expected to be able to contribute to the discussion and to solving the analytical problems.



Grading

Your grade in this course has four components: problem sets (30%), knowledge checkpoints (30%), final problem (25%) and participation and effort (15%).

Problem Sets 30%: The problem sets are the core of this course. There will be 15 problem sets. Every week you will complete a problem set and grade someone else's.

- 15%: Turning in a problem set on time
- 10%: Performance on the problem set
- 5%: Feedback to other students

Knowledge Checkpoint 30%: The course will have three knowledge checkpoints (similar to an exam), each worth 10%. They will consist of solving an involved problem(s) that loosely cover the following three topics:



- Topic 1: Consumer problem
- Topic 2: Producer problem
- Topic 3: Market Structure & Equilibrium

I am calling these knowledge checkpoints because that is how I want you to think of them. Each are worth a relatively small portion of your grade. You should view these as times to see if you are really understanding the material.

Final 25%: The final exam will be worth 25% of your grade. You will need to solve for the optimizing levels of consumption to consumers (as a function of prices and income/endowment). And will be expected to be able to discuss the implications of your results. It will be open book and open notes.



Participation & Effort 15%: You will be graded on two things: how much you help other students learn (participation) and how much you challenge yourself (effort). Demonstrations of effort include (but are not limited to) asking questions that go beyond course material and into applications, getting help in office hours and improvement over the semester. These are admittedly subjective measures, but a status report can be provided upon request during or after semester.



Accommodations

To be completed

- Disabilities
- Make up exams
- Special circumstances
- Policies on late work, etc

Course Outline



Week	Chapter	Topic	Category
1	0	Math Review	Review
	1&2	Intro Review	
2	3	Preferences	
	4	Utility	
3	5&6	Choice and Demand	Consumer Choice
4	7	Revealed Preferences	
	8	The Slutsky Equation	
5	9	Buying and Selling	Consumer Constraint
	10	Intertemporal Choice	
6	11	Asset Markets	Consumer Choice
	12	Uncertainty or Risk	

Knowledge Checkpoint 1

7	14	Consumer's Surplus	Equilibrium I
	15	Market Demand	
	16	Equilibrium	
8	19	Technology	
	20	Profit Maximization	
9	21	Cost Minimization	Production
	22	Cost Curves	
10	23&24	Firm Supply and Industry Supply	

Knowledge Checkpoint 2

11	29&30	Game Theory and Game Applications	
12	25	Monopoly	Market Structure
	26	Monopoly Behavior	
13	27	Factor Markets	
	28	Oligopoly	
14	32	Exchange	Equilibrium II
	33	Production	
15	34	Welfare	
	35	Externalities	

Knowledge Checkpoint 3