**Fall 2010 Economics 310 Syllabus[[1]](#footnote-1)**

**Intermediate Microeconomics**

**California State University, Channel Islands**

**Instructor: Z. John Lu, PhD**

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Office hours: M 12:00 – 1:00 pm, W 4:15 – 5:15 pm

Class time: Class location:

M/W 3:00 -4:15 pm Bell Tower 1684

In-class exam 1: Monday, 18 October (in class)

Final exam: Monday, 13 December 4:00 – 6:00 pm

Course website: <http://blackboard.csuci.edu>

Required text: Intermediate Microeconomics and Its Application by Nicholson & Snyder (11th edition, South-Western, Cengage Learning 2010)

 *In addition, some supplemental materials may be provided by the lecturer as the course progresses (in photocopies)*

**General Guidelines**

This course will emphasize depth and quality of understanding over breadth. It will focus on the following four core areas of microeconomics:

* Theory of the Firm (Production, Cost, Profit Maximization and Supply)
* Market Structure, Conduct, and Performance (Price/Output Decision, Efficiency and Welfare, Strategic Behavior and Public Policy)
* Value Determination of Factors of Production (Theory of Productivity, Labor Demand and Wage Determination)
* Market Failure and Role of Government (Theory of Externalities and Public Goods)

The theory of consumer behavior (preference, budget constraint, and utility maximization) will be briefly covered as part of the review of materials learnt in introductory microeconomics. We will also touch on the topic of elementary game theory, but only as it relates to firm’s strategic behavior.

The pre-requisites for this course include Econ 110 (intro-micro), Econ 111 (intro-macro), and Math 140 or 150. This course builds on your introductory courses to further develop your economic “intuition” and to provide you with more advanced economic models/tools in your analytical arsenal. While I will keep the use of calculus to a minimum, the ability to manipulate algebraic equations and a good knowledge of basic geometry is essential for the successful completion of this course. Further, the absence of derivatives does not mean a lack of logical coherence in our approach to analyze any issue. *In fact, many have found it harder to express complex economic ideas without the use of mathematics.* I strongly advise you to polish up your algebra and basic geometry for this course.

**Top Level Course Objectives**

Ideally, you will complete this course understanding how and why economics is important, useful and relevant to everyday decisions in a wide variety of situations.

* Identify and distinguish positive and normative methods of economic analysis.
* Thoroughly understand and fluently apply the concept of marginal analysis in optimization decisions faced by economic participants (firms, consumers, workers, etc.)
* Employ economic tools (models, equations, graphs, etc.) to real-world situations, and generate logically consistent arguments regarding efficiency and welfare (of market participants).
* Distinguish various forms of market structure and how they affect price/output decisions and efficiency/welfare implications
* Compare and contrast the economic consequences of business decisions or policy changes between the short run and the long run.
* Identify circumstances where markets may fail and forecast likely outcomes of such failures.
* Analyze government solutions to market failures.
* Extend learned economic reasoning to other (seemingly non-economic) issues[[2]](#footnote-2)

**Grading System**

Your grade for the course is based on take-home quizzes and exams in the following way:

|  |  |
| --- | --- |
| Task | Percent of grade (weight) |
| Quizzes (4)  | 40% |
| Exam 1  | 30% |
| Final exam  | 30% |

The final course grade depends on (1) sum of weighted % you earn from the three tasks (best = 100%); (2) your relative ranking in the class[[3]](#footnote-3),[[4]](#footnote-4). Note that +/- grades are allowed, and I typically assign a median (midpoint) grade of a B-/C+.

**Exams**

* There will be NO make-up exams. You should not take this class if you cannot take both exams.
* The two exams are equally weighted (to minimize “cramming” for the Final). Final will be somewhat cumulative, but heavily weighted toward the new materials after Exam 1.
* Format of exams includes multiple choices, T/F matching, and essay questions. The first two types are self-explanatory. There are 2 types of essay questions. One will be of the problem solving variety (similar to Problems section at back of each chapter) where you will utilize your written, graphical and mathematical economic toolkit to derive and describe a situation and the recommended solution (e.g., solving for a monopolist’s price/output decision given the demand curve and cost function it faces). The other type will be more general and comprehensive (and in all likelihood more representative of the way economists tackle problems in the real world). The most common format would be to ask you to provide your expert (economist’s) opinion on a real or hypothetical issue: It provides you with a recent newspaper or magazine article covering a particular news or problem. It then asks you to identify/recognize the underlying economic issue (e.g., an anti-competitive behavior), to employ an analytical framework to examine the causes and consequences (e.g., theory of cartel in a market dominated by few large firms), and to either critique the existing solution or offer an alternative solution (see examples in the Application section in each chapter). This type of essay questions measures how well you can synthesize the analytical techniques with the ability to communicate in a clear and concise manner[[5]](#footnote-5).

**Quizzes**

* Total of four (4) quizzes, each accounting for 10% of the final grade[[6]](#footnote-6).
* Quizzes will typically be of the take-home variety and will most closely emulate essay questions on an exam (both types). Some questions may be taken directly out of the Problems section in each chapter, and others will be provided from other sources. They should be submitted typed, and quality of exposition and professionalism of presentation may count for as much as 25% of your score. These quizzes will help you prepare for the essay portion of the exam.
* You are allowed to collaborate and work out the basic solution to quiz questions. However, each of you must write (type) out the final answers on your own, instead of copying a lead person’s answers. Further, it will be a big mistake if you employ a “divide and conquer” strategy for the quizzes – you need these opportunities to hone in your skills (and prepare for the exams).
* Remember: do not plagiarize! It is ok to consult with sources other than your book or your instructor for these quizzes. But you must identify the sources and place verbatim language in quotation marks.
* We will spend some classroom time discussing the solutions after each quiz is turned in. You may be called upon to explain your answer (Of course volunteers will be greatly appreciated).
* There will be NO make-up quiz. Each quiz will be assigned at least 1-2 weeks in advance to allow sufficient time for you to complete. I will provide the likely due date for each quiz later in the syllabus.

**Success Factors**

* *Read the Book*: For this course, the text will be the most valuable source of information and clarification. Ideally, read it before lecture and read it again afterwards. You will learn faster and deeper this way.
* *Attend the Lectures*: Attendance is expected. Although lecture notes (PowerPoint slides) will be posted online, they can never take the place of active, in-classroom learning. Missing class means missing valuable discussion, clarification, solving example questions, and information regarding assignments.
* *Do the Work*: Like anything else in life, *Practice Makes Perfect*. "Practice"

 means reading the assigned chapters completely, working out the take-home quizzes diligently, and seeking timely help from the instructor or fellow students.

* *Observe the Real World*: Read the business section of the *LA Times, VC Stars* (I don’t mean looking for employment ads, but rather see how the news is covered and what economic ideas they embody). If possible, periodically read the *WSJ* or the *Economist* or the *Business Week*.

**Academic Honesty**

* In accordance with the CSU Channel Islands policy on academic dishonesty, students in this course who submit the work of others as their own (plagiarize), cheat on tests or examinations, help other students cheat or plagiarize, or commit other acts of academic dishonesty will receive appropriate academic penalties, up to and including failing the course.
* Assignments or papers with plagiarized language or ideas will receive a failing grade.
* Plagiarism or cheating on quizzes or exams will also result in a failing grade.
* In cases where the cheating or plagiarism was premeditated or planned, students may receive an F for the course.
* Students are encouraged to consult with the instructor on when and how to document sources if they have questions about what might constitute an act of plagiarism or cheating.

**Other Classroom Policies**

* Be respectful of your teacher and fellow students: do not chat in class.
* Please turn off your cell phones in class.
* Do not do work for other classes – if you have a crunch timeline for other classes, I would rather you stay in the library/home and finish instead of just showing up for the sake of keeping a good attendance rate. Doing work for other classes while in attendance is *worse* than not showing up.
* Do not be afraid of asking or answering questions. Nobody has a monopoly in knowledge, and we are all in this learning together.
* Regular class participation (NOT just showing up) can help your grade if you are on the borderline between two grades. For example, if you are at the cutoff between a B-/C+, regular class participation may boost your grade to a B- relative to someone who does not attend or participate regularly.

**Topics**

The following order will be approximately followed chronologically. Note this class will meet for a total of 29 times (excluding the Final Exam), and because the Oct 18 class is entirely devoted for Exam 1, there are a total of 28 lectures devoted to teaching.

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| --- | --- | --- | --- |
| Topic | Reading Materials[[7]](#footnote-7) | No. of Lectures  | Notes  |
| Intro to Microeconomics | Syllabus, Chap 1 + Appendix | 1  | Appendix 1 should be read for your own review, esp. if math is not your strong point. |
| Utility Theory and Labor Supply Decision | Chap 2 (pg. 53 – 64) + Appendix 13A (pg. 478 – 486) | 1 |  |
| Theory of Firm: Production | Chap 6 | 3 | Quiz 1 (take-home) due at end of this topic (exact date TBD) |
| Theory of Firm: Costs | Chap 7 | 3 |  |
| Theory of Firm: Profit Max &Output Decision | Chap 8 | 3 | Quiz 2 (take-home) due at end of this topic (exact date TBD) |
| Market Structure: Perfect Competition | Chap 9 | 2 |   |
| **Exam 1** | **All materials covered prior** | **18 October, 2010** |
| Market Structure: Monopoly and Market Power | Chap 10 | 3 |  |
| Elementary Game Theory | Chap 4 (pg. 175 – 184) | 1 |  |
| Market Structure: Imperfect Competition | Chap 12 + other materials (distributed by instructor) | 3 | Quiz 3 (take-home) due at end of this topic (exact date TBD) |
| Theory of Productivity and Wage  | Chap 13 | 3 |  |
| When Market Fails and Role of Government | Chap 16 | 2 | Quiz 4 (take-home) at end of this topic (exact date TBD) |
| Introduction to Behavior Economics | Chap 17 | 2 |  |
| Final Review & Recap | All prior materials | 1 | 25% - 75% weighting (towards 2nd half materials) |
| **Final** | **13 December, 2010 4:00 – 6:00 pm** |
| **Happy Holidays & Peace** |

***This schedule and order is subject to change at any time during the semester.***

1. I “borrowed” liberally from Prof. Paul Rivera’s Econ 310 course syllabus (Fall 2009). All errors are my own. [↑](#footnote-ref-1)
2. For those of you who are interested in learning how economists apply their tools to all kinds of issues large or small, and many outside the traditional realm of economics, I recommend “Freakonomics” by Steven D. Levitt and Stephen J. Dubner. [↑](#footnote-ref-2)
3. For example, your raw scores from the three tasks are (hypothetically) 32/40 (Q), 48/60 (E1), and 42/60 (F) respectively. First, I convert the scores into % of maximum scores for each task, arriving at 80% (Q), 80% (E1), and 70% (F). Now I use the weight for each task to arrive at a weighted %: 32% (Q), 24% (E1) and 21% (F). Finally I sum up the weighted %’s and get (32% + 24% + 21% =) 77%. Depending on your relative ranking in the class, this could be a B or C or D; e.g., if 77% ranks you at 29/30, it will be more likely a D. But if 77% ranks you 12/30, it might be more likely within the B range. [↑](#footnote-ref-3)
4. I know there might be an incentive for students to “collude” and collectively not study hard, since (you think) your grade is determined based on the relative ranking. This is not only an academic dishonesty, but also an incorrect idea. Your grade depends on BOTH the actual % and the relative ranking. [↑](#footnote-ref-4)
5. Majority of the economists nowadays are expert mathematicians but less than capable writers. In the business world, however, a combined set of technical knowledge and communication skills is often more useful than either a pure mathematician or a superb “talking head”. I of course am not expecting you to become a business journalist for the *Wall Street Journal* or the *Economist* overnight. [↑](#footnote-ref-5)
6. The number of quizzes may be less or more, depending on how the course progresses relative to my planning. Therefore a range of 3 to 5 may be given, and each weight will be adjusted accordingly. [↑](#footnote-ref-6)
7. In general, materials covered during lecture will be less than materials assigned for reading. However, you are required to read the entire assigned reading. [↑](#footnote-ref-7)