

Spring 2014 Economics 310 Syllabus
Intermediate Microeconomics
California State University, Channel Islands
Instructor: Z. John Lu, PhD

Office: Sage Hall 2152
 E-mail: john.lu@csuci.edu
 Office hours: T 2:00 -3:00 pm

Class time: T/Th 12:00 – 1:15 pm
 Class location: Broome Library 2490
 In-class exam 1: Thursday, Feb 13
 In-class exam 2: Thursday, March 13
 In-class exam 3: Thursday, April 17
 Term Paper: Tuesday, May 6
 Final exam: Tuesday, May 13, 10:30 – 12:30 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

Grading System

Your grade for the course is based on 4 in-class exams (including the final) and a term paper in the following way:

Task	Percent of grade (weight)
Exams 1, 2, and 3	60% (20% each)
Term Paper (1)	15%
Final exam	25%

The following is a general guideline for determining the final course grade, based on the *sum* of the weighted percentage from each of the five items above:

If total weighted sum is	Likely final grade is
< 60%	F
60% to < 70%	D
70% to < 80%	C
80% to < 90%	B
90% and above	A

Note that +/- grades are allowed in this course. Also, although class attendance and participation is not mandatory (unless specifically noted ahead of time), consistent attendance and class participation 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.

Course Overview and Objectives

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

- Theory of the Consumer (Choice, Preference, Utility Maximization and Demand Curve)
- Theory of the Firm (Production, Cost, Profit Maximization and Supply Curve)
- 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 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. I strongly advise you to polish up your algebra and basic geometry for this course.

Learning objectives:

Program Learning Goals: These are the skills we try to help all students build in all MVS courses

1. Critical Thinking
2. Oral Communication
3. Written Communication
4. Collaboration
5. Conduct (Ethics)
6. Competency in Discipline

Course Learning Outcomes: It is expected that you will complete this course understanding how and why economics is important, useful and relevant to everyday decisions in a wide variety of situations.

- Explain how rationale consumers make decisions in terms of choice under a limited budget. (*corresponding to program learning goals 1-3, 6*)
- Thoroughly understand and fluently apply the concept of marginal analysis in optimization decisions faced by economic participants (firms, consumers, workers, etc.) (1-3, 6)
- Employ economic tools (models, equations, graphs, etc.) to real-world situations, and generate logically consistent arguments regarding efficiency and welfare (of market participants). (1-4, 6)
- Distinguish various forms of market structure and how they affect price/output decisions and efficiency/welfare implications. (1-4, 6)
- Compare and contrast the economic consequences of business decisions or policy changes between the short run and the long run. (1-4, 6)
- Identify circumstances where markets may fail and forecast likely outcomes of such failures. (1-3, 5)
- Analyze government solutions to market failures. (1-3, 5)

- Extend learned economic reasoning to other (seemingly non-economic) issues¹ (1, 3, 6)

Exams

- There are a total of 3 exams evenly spread out over the course and a final exam at end the semester two exams. Each of the first 3 exams weighs equally (20%), and the Final is 25%. The Final will be somewhat cumulative, but heavily weighted toward the new materials after Exam 3.
- The dates for all the exams are provided on the first page of this syllabus. *Mark them down on your calendar – make arrangement at work, home, or anywhere else so you will be able to make to all the exams. **There will be NO make-up exams.*** You will be at a very significant risk for failing the class if you miss one or more of the exams. Medical excuses for missing exams would require *a signed physician note with a phone number for me to follow up.* Students with valid reason(s) for missing an exam will see the weight(s) for the remaining exam(s) increase(s).
- 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. 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. *It is important to note that at least some questions assigned as part of homework will likely appear in the exams as well.* More on this in the next section.

Homework

- I will assign several questions at the end of each chapter covered. This list of questions, in addition to reading the textbook, the PowerPoint slides (provided before lecture), and your notes, will constitute your homework packet.
- *I will not collect the homework, nor grade it.* It is your personal choice and responsibility to work on these problems. Note that at least *some* of them will likely appear in the exams.
- You are encouraged to work in groups on these problems, and the “official” solutions will be provided periodically (before each exam). Come to my office hours or go to the tutors in the library for help if needed, but do so in a timely way – do not cram right before the exam.
- Remember: It is very unlikely that you will pass this class without working through the homework packet.

¹ 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.

Term paper

There is one *required* paper for this class, worth 15% of your total score. The paper must be submitted typed, no less than 1,200 words long in the main body (i.e., *not including words in the reference section*). This is a persuasive type of paper. The paper asks you to answer the following question:

Based on the 2013-2014 Payscale College Salary Report (<http://www.payscale.com/college-salary-report-2014>), the best college majors judged by the midcareer median annual pay are either engineering (all types), applied mathematics and physics (people with graduate degrees were not included in the survey). **Given this information, and if we assume that the primary objective for obtaining a college education is to maximize lifetime earnings, should every college student major in one of the above fields? Why or Why not?**

This is a somewhat open ended question, so I don't expect an identical or uniform answer from all students. Regardless of your position, you must apply relevant *economic* principles (as many as you can think of and learn from this course) and employ sound economic analysis/model. Graphs and tables are a plus.

Please note: Although other types of arguments, including philosophical, theological, cultural or sociological, may also be valid in explaining your position, they should NOT be part of your arguments for the purpose of this paper.

You are encouraged to do research on this topic (including interviewing people currently in these fields, students majoring in these fields, and even your academic counselors at CSUCI; investigating research papers on similar topics; or just brainstorming with your classmates), *but you must reference all sources of your information.*

You may also work together in a team of 2-3 (no more than 3) and turn in one paper – in which case all the authors will receive the same grade on the paper, irrespective of who did the most (or the least) amount of work – therefore choose your teammates wisely or depend on only yourself.

The paper is due on or before **May 6, in class**. You can (and I encourage you to) turn the paper in earlier, as the later it gets into the semester, the more swamped your schedule will become.

Feel free to discuss with me about the paper, research, collaboration, or any questions before it is due.

There will be no substitute for the term paper.

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 assigned questions diligently, and seeking timely help from the instructor, the tutors or classmates.
- *Observe the Real World*: Read the business sections of the *Los Angeles Times*, *the New York Times*, or other leading national newspapers. Want more challenging readings? Read the *Wall Street Journal* and the *Economist*. All are available at the library.

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 watch video or surf the net 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.

Detailed Topics and Schedules (*subject to change at any time during the semester*).

The following order will be approximately followed chronologically. Note this class will meet for a total of 30 times (excluding the Final Exam), and because three of these class periods are set aside for the exams, there will be a total of 27 lectures.

Week of	Topic	Reading Materials ²	No. of Lectures	Notes
01/20	Overview of course; Introduction to Microeconomics; Review of Models and Mathematics	Syllabus; Chap 1 + Appendix (pg. 3 - 41)	2	Problems for HW (Chap 1): Review Questions (RV) 1, 2 Problems (P) #1.1, 1.2, 1.3, 1.7, and 1.10
01/27	Utility and Choice	Chap 2	2	Problems for HW (Chap 2): RV 4, 7; P 2.1., 2.2., 2.3, 2.7, and 2.8
02/03	Application of Utility Theory; Demand Curves	Chap 3	2	Problem for HW (Chap 3): RV 1; P 3.6, 3.7, 3.8, 3.9
02/10	Theory of Firm: Production (I)	Chap 6	1	Exam 1: 02/13 (Chapters 1,2, and 3)
02/17	Theory of Firm: Production (II); Theory of Firm: Costs (I)	Chap 6, Chap 7	2	Problem for HW(Chap 6): RV 10; P 6.1, 6.2, 6.3, 6.4, and 6.6
02/24	Theory of Firm: Costs (II); Theory of Firm: Profit Max &Output Decision (I)	Chap 7, Chap 8	2	Problem for HW (Chap 7): RV 1, 7, and 8 P 7.1, 7.2, 7.4, 7.5, and 7.6
03/03	Theory of Firm: Profit Max &Output Decision (II)	Chap 8	2	Problem for HW (Chap 8): RV 1, 3, 7 P 8.1, 8.2, 8.4, 8.6, and 8.9
03/10	Market Structure: Perfect Competition (I)	Chap 9	1	Exam 2: 03/13 (Chapters 6, 7, 8)
03/17	Market Structure: Perfect Competition (II)	Chap 9	2	Problem for HW (Chap 9): RV 3; P 9.1, 9.3, 9.5, 9.7, 9.8, and 9.10
03/24	Spring Break; No Class			
03/31	Market Structure: Monopoly	Chap 11	2	Problem for HW: (Chap 11): RV 5, 7, 8 and 10 P 11.1, 11.2, 11.3, 11.5, 11.6,11.7
04/07	Market Structure: Monopolistic Competition	Chap 12 + Supplemental materials TBD	2	Problem for HW: TBD
04/14	Pricing in Input Markets (I)	Chap 13	1	Exam 3: 04/17 (Chapters 9, 11, 12)
04/21	Pricing in Input Markets (II)	Chap 13 + Appendix	2	Problem for HW (Chap 13): RV 6; P 13.1, 13.2, 13.4, 13.5, and 13.7
04/28	Capital and Time	Chap 14	2	Problem for HW (Chap 14): RV 4,6; P 14.1, 14.3, 14.4
05/05	Externalities and Public Goods	Chap 16	2	Problem for HW (Chap 16): RV 6 P 16.1, 16.3, 16.6, 16.7 Term Paper due 05/06 (in class)
05/12	Final Exam Week	All prior materials; 35% - 65% weighting (65% materials after Exam 3)	Final Exam: 05/13 (Tuesday), 10:30-12:30 pm	

² In general, materials covered during lecture will be less than materials assigned for reading. However, you are required to read the entire assigned reading.

