

Intermediate Microeconomics, autumn 2015
Economics 310.02
Professor: Thomas Bishop

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Office hours: Monday, Wednesday 2:30-5:00, or by appointment

Class time, location: Monday, Wednesday 18:00-19:15, Broome Library 2480

Course website: CI Learn from <http://myci.csuci.edu/> (This site has lecture notes, supplemental homework questions, answers to homework questions and exams.)

Required text: Intermediate Microeconomics by Hal Varian, 2014, 9th edition, (WW Norton and Company, ISBN: 978-0-393-12396-8).

Grading system

Your grade for the course is based on homework and exams in the following way:

Task	Percent of grade
Homework assignments	25
Midterm exam	35
Final exam	40

Grades for total points from the homework and exams will be assigned according to the following distribution:

90%-100%: A+, A, A-
80%-89%: B+, B, B-
70%-79%: C+, C, C-
60%-69%: D+, D, D-

I might also adjust the scores to account for the difficulty of the course. For example, if few people get a final score above 90%, then I will give out more As to account for difficulty of the course. In this case, I can allocate about 20%-25% As and 50%-60% As and Bs.

Exams

There will be no make-up exams, so if you can not attend class on the day of the exams or you can not attend the final exam, please do not enroll in this course for a grade. You are welcome to take the course for a pass-fail grade. You may not have a job interview during an exam and take a make-up exam later!

The midterm exam will cover all material up to its date. The final exam will have questions based on definitions and concepts from earlier material, so you should not forget the earlier material when studying for the final exam. Both exams will include multiple choice questions taken primarily from the lecture notes and homework assignments but can also include questions based on the assigned reading.

Homework assignments

Late homework will not be accepted. If you can not finish in time, hand in what you have completed for partial credit. I do this out of fairness for your fellow students. If you know that you will be out of town

or otherwise unavailable when the assignment is due, you must submit it early. Please turn in your assignments at class time by the end of class time on the due date.

Homework questions are listed in the textbook or will be posted on the website, as indicated on the schedule below. Homework assignments are generally completed in teams. I will initially assign teams, but you are free to make your own team or to do the assignments by yourself. Teams should generally have 3-5 students, and work should be allocated equally. A team submits only one copy of answers, and all team members receive the same grade for the assignment. When you turn in your homework assignment, write the names of each team member in the upper right corner of the first page, so that credit can be given to each member.

Class participation

Regular class participation can help your grade if you are on the borderline between two grades. For example, if you receive the highest B+, regular class participation would boost your grade to an A-.

Course overview

This course considers several principles of microeconomics: how consumers and producers of goods and services theoretically respond to price changes; the role of uncertainty and asymmetric information in individual behavior and more generally; production and the willingness to produce and to sell; various ways to measure costs; the effects of competition or lack of competition on the behavior of producers; how prices fail to accurately measure social value when competition is lacking and when external effects from producing, selling or buying exist; the value of money, credit, capital and time.

The course is a mix of theory and applications of theory to real policies and issues. The theory is intended to give you a methodical way to think about important issues in economics (and in real life) and to simplify them so that they are more comprehensible.

Program Learning Goals: Skills that I aim to convey and to teach in the course include

- critical thinking and analysis of microeconomic issues
- oral communication through questions and answers in class
- written communication through written homework assignments
- collaboration through homework assignments
- ethical conduct: no cheating on exams, but cooperation/collaboration for homework is encouraged.
- competency in microeconomics to prepare yourself for jobs and personal finances (see course learning outcomes)

Course Learning Outcomes: At the end of this course, good students will be able

- to understand how the willingness and ability to buy and to sell depend on price
- to understand the purpose of functions, graphs, derivatives and other mathematical tools in economics
- to explain how assets can be valued over time and relative to each other according to present value
- to understand how economists think about uncertainty and risk
- to explain the concept of asymmetric information and its effects on economic behavior
- to understand the theory of organizing a firm as productive institution
- to calculate profit from sales revenue and the costs of production
- to calculate costs of production in their various forms
- to explain how the lack of competition (monopoly) allows (more) markup of prices and price discrimination among buyers relative to competitive markets
- to understand how the lack of competition (monopoly) affects the willingness to produce and to sell and the welfare of society relative to competitive markets
- to explain the concept of externalities and their effects on the welfare of society

Date	Lecture topic	Assigned reading	Homework assignment
8.24	Introduction, market behavior	Chapter 1	
8.26	Market behavior, optimization and equilibrium	Chapter 1	
8.31	Mathematical tools	Mathematical appendix	
9.2	Inter-temporal choice, present and future value	Chapter 10, pages 191-202	
9.9	Present and relative valuation of assets	Chapter 11	
9.14	Present and relative valuation of assets	Chapter 11	Chapter 10 review questions 1, 5 (at the end of the chapter) and supplemental questions 1, 2 (on the website)
9.16	Uncertainty and risk	Chapter 12	
9.21	Uncertainty and risk	Chapter 12	
9.23	Uncertainty and risk	Chapter 12	Chapter 11 review questions 2, 4 (at the end of the chapter) supplemental questions 1, 2 (on the website)
9.28	Uncertainty and risk	Chapter 12	
9.30	Uncertainty and risk	Chapter 12	
10.5	Asymmetric information	Chapter 38	
10.7	Asymmetric information	Chapter 38	Chapter 12 review questions 2, 3, 6 (at the end of the chapter) and supplemental questions 1, 2 (on the website)
10.12	Asymmetric information	Chapter 38	
10.14	Midterm exam		
10.19	The firm as a productive institution, productivity and returns to scale	Chapter 20	
10.21	Production, sales revenue and profit maximization	Chapter 20	
10.26	Cost minimization	Chapter 21	
10.28	Cost minimization	Chapter 21	
11.2	Types of costs	Chapter 22	Chapter 21 review questions 2, 4 (at the end of the chapter) and supplemental questions 1, 2 (on the website)
11.4	Types of costs	Chapter 22	
11.9	Why monopolies arise and government policies for monopolies	Chapter 25	
11.16	Monopoly behavior: price markup, production and sales revenue	Chapter 25	Chapter 22 review questions 2, 8 (at the end of the chapter) and supplemental questions 1, 2 (on the website)
11.18	Monopoly behavior: price discrimination	Chapter 26	
11.23	Monopoly behavior: price discrimination	Chapter 26	
11.25	Positive and negative externalities	Chapter 35	
11.30	Solutions to externalities	Chapter 35	Chapter 26 review questions 1, 4 (at the end of the chapter) and supplemental questions 1, 2 (on the website)
12.2	Public goods and services	Chapter 37	
12.7	Taxes and voting with public goods and services	Chapter 37	
12.9	Final exam		