

## Intermediate Microeconomic Theory

920:104

Fall 2011

Dr. Lisa K. Jepsen

Office: CBB 208

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Office Hours: MW 1:30-2:30 p.m.

Th 1:30-3:30 p.m.

and by appointment

Class times: MWF 10 a.m. & 11 a.m.

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**Course description:** (see page 308 of catalog) *Intermediate level micro-economics. Theory of consumer choice, business firm, and 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.

**Pre-requisites:** 920:053 and 920:054. 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%
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 25 multiple-choice questions worth 3 points each and 2-4 short-answer questions worth a total of 25 points. I will announce exam dates at least one week prior to the testing date. Therefore, it is essential that you attend class in order to remain apprised of the quiz/exam schedule.

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 have 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 for any reason other than a University-sponsored activity and then only with proper documentation. If you are going to miss an exam, you must notify me prior to the 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.

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! Therefore, I look forward to seeing you in class.

**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: 103 Student Health Center, and the phone number is: 273-2676.”

**Academic Learning Center:** UNI’s Academic Learning Center provides free assistance with writing, math, reading, and learning strategies. The Center is located at 008 ITTC. You may obtain more information by calling 273-2361 or visiting <http://www.uni.edu/unialc/>.

**Course Repeat Policy:** Students enrolled in a College of Business Administration (CBA) course at the beginning of the second week of the fall 2011 semester will not be allowed to register again for the same course until the end of the advance registration for spring 2012. 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 spring 2012 advance registration. Summer session is excluded from this policy.

**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).

**Makeup Lecture:** Saturday, August 27, 2011, 10-noon, CBB 225

**Final Exams:** 10 a.m. class: 10-11:50 a.m. Monday, December 12, 2011  
11 a.m. class: 10-11:50 a.m. Tuesday, December 13, 2011

## 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)*  
*Chapter 10, sections 10.1-10.3, 10.6-10.8 (as time allows)*
- D. General Equilibrium (as time allows)  
*Chapter 16, sections 16.1, 16.4*

#### Quiz VI

### EXAM III Wednesday, December 7, 2011