

INTERMEDIATE MICROECONOMIC THEORY (ECON 3070-010)
Department of Economics, University of Colorado
Fall, 2016

Classtime: M,W,F: 10 - 10:50 am
Professor: Charles de Bartolome

Room: GUGG 205

Course description:

The course's primary goal is to prepare students with the basic tools used in the 4000-level courses. It presents the material by considering the different stages of economic development. The decisions by households of how hard to work, which goods to buy and how much to save are presented in an undeveloped economy. A firm is then posited to discover a production process and to become a monopoly: its pricing decisions are discussed. The monopoly's profits induce entry and the industry becomes an oligopoly. The interaction between the firms is used as a tool to present game theory. As more firms enter, the industry becomes competitive. The welfare consequence of the different industry structures are discussed.

Course Level:

The course builds on the material presented in the Principles of Microeconomics (ECON 2010), covering the material at a more advanced level. The basic relationships are developed graphically and using calculus.

Pre-requisites:

ECON 2010 (Principles of Microeconomics);

AND

EITHER ECON 1088 OR MATH 1081 OR MATH 1300 OR MATH 1310 OR APPM 1350 (all min grade C-).

Students must have at least 22 credit hours completed

Course assignments and Desire2Learn webpage:

All course assignments and most lecture`±DI min g

Recitations: Recitations start w/c 29 Aug.

The recitations are an integral part of the course and therefore attendance at recitation is required. Recitations will go over the weekly problem set.

The weekly problem set is posted on the Desire2Learn webpage. B

Accommodations for students with special needs:

If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services in a timely manner so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities. Contact: 303-492-8671; Center for Community Building, Room N200; or <http://disabilityservices.colorado.edu>

If you have a temporary medical condition or injury, please see the guidelines at: <http://disabilityservices.colorado.edu>

Disability Services' letters for students with disabilities indicate legally mandated reasonable accommodations.

Religious Observances:

Campus policy regarding religious observances requires that faculty make every effort to reasonably and fairly deal with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance. In this class, please let me know in a timely manner if one of the exam dates falls on a religious holiday you intend to observe and I will arrange for you to take a make-up. See policy details at: http://www.colorado.edu/policies/fac_relig.html

Classroom Behavior:

Students and faculty each have responsibility for maintaining an appropriate learning environment. Students who fail to adhere to such behavioral standards may be subject to discipline. Professional courtesy and sensitivity are required. •

2273). Students who are found to be in violation of the academic integrity policy will be subject to both academic sanctions from the faculty member and non-academic sanctions (including but not limited to university probation, suspension, or expulsion). Other information on the Honor Code can be found at:

<http://www.colorado.edu/policies/honor.html> and at

<http://honorcode.colorado.edu>

Discrimination and Harassment Policy:

The University of Colorado at Boulder is committed to maintaining a positive learning, work, and living environment. The University is committed to maintaining a positive learning, work, and living environment.

COURSE OUTLINE

<i>Date</i>	<i>Topic</i>	<i>Section</i>
22 Aug	INTRODUCTION Scarcity. Normative and Positive	1.1, 1.2 pp. 11-12
1. HOUSEHOLDS		
24 Aug	DEMAND CURVE	2.2
26, 29, 31 Aug	REPRESENTING TASTES Utility - ordinal or cardinal? - marginal utility - diminishing marginal utility Indifference Curves - marginal rate of substitution - convexity	4.1 4.2
2 Sept	BUDGET LINE	4.3
7, 9 Sept	CHOICE AND QUANTITY DEMANDED Individual consumer choice - rule: "marginal rate of substitution = good price ratio"	4.4, 4.Appendix (pp. 147-149)
12, 14, 16 Sept	COMPARATIVE STATICS Income changes - income expansion path - normal and inferior goods Price changes Individual demand curves Income and substitution effects Changes in price of other goods Market demand curve	5.1 5.2 5.3 5.4 5.5
19 Sept	In-class Review 7-9 pm FIRST MIDTERM	

21, 23 Sept	APPLICATIONS OF UTILITY MAXIMIZATION Labor Supply Savings Supply	
26, 28, 30 Sept 3 Oct	VALUING MARKET ACTIVITY Benefit Marginal Benefit Consumer Surplus	3.1

2. FIRMS

5, 7 Oct	PRODUCTION Production Function - marginal product - diminishing marginal product Iso-quant Marginal rate of technical substitution Returns to scale Short-run and long-run Short-run production Long-run production choice	6.1, 6.2, 6.3 6.4 (pp. 210-214) 6.5 6.2 6.3
10, 12 Oct	CHOOSING INPUTS AND LONG-RUN COST Isocost line Choosing input mix - rule: “marginal rate of technical substitution = input price ratio” Technology change Total Cost Curve	6.4 (pp. 214-216) 6.4 (pp. 217-222), 6.Appendix (pp 239-242) 6.6 6.7
14 Oct	SHORT-RUN AND LONG-RUN COST Fixed Sunk and Variable Cost Marginal and Average Cost Short-run and Long-run cost relationship	7.1, 7.2, 7.3 7.4 7.5

3. EVALUATING OUTCOMES

17, 19 Oct	Producer Surplus Net Benefit Created = Consumer Surplus + Producer Surplus The Planner Maximum Possible Net Benefit Created (Efficiency) Equity concerns	3.1
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4. MARKET INTERACTIONS: HOUSEHOLDS AND FIRMS

21, 24, 26 Oct STRATEGI

