

Economics 307
Intermediate Microeconomics
11 MTuThF*, 207 Maxey
Fall 2009

Professor Jan Crouter
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Office Hours: 9:30-10:50 MWF, and by
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Course Web Page: found on CLEo at <https://cleo.whitman.edu/portal/>.

Text: Robert S. Pindyck and Daniel L. Rubinfeld, *Microeconomics*, 7th ed. Pearson/Prentice-Hall, 2009. (Additional readings are available on the CLEo course webpage at <https://cleo.whitman.edu/portal/>. These readings are accessed as links to public domain material or material through Whitman on-line journal subscriptions. They are indicated below as (c).)

Course Outline (Pindyck and Rubinfeld chapter and page numbers are in parentheses)

1. Introduction (1,2)
2. Consumer Theory
 - A. Utility and Constrained Utility Maximization (Chap. 3; pp. 149-153 in Chap. 4A)
You may wish to some basic rules of differentiation in a calculus textbook or refer to Wikibook's "Calculus/Differentiation" at: <http://en.wikibooks.org/wiki/Calculus/Differentiation> (c).
 - B. The Individual's Demand Function and Market Demand (Chap. 4, 4A; elasticities on pp. 34-45 in Chap. 2)
Robert H. Frank, "Appendix 4: Additional Topics in Demand Theory," in *Microeconomics and Behavior*, 4th ed., McGraw-Hill/Irwin, 2001. (c).
Jeffrey M. Perloff, "Compensating and Equivalent Variation and Consumer Surplus," in Supplemental Material to accompany Chap. 9 of *Microeconomics*, 5th ed., 2009, accessed August 3, 2009 at: http://wps.aw.com/aw_perloff_microecon_5/85/21982/5627560.cw/content/index.html. (c).
 - C. Uncertainty and Consumer Behavior (pp. 159-176 in Chap. 5)
 - * D. Behavioral Economics and Consumer Theory (pp. 185-190 in Chap. 5)
3. Theory of the Firm: Production, Costs, Profits
 - A. Production Functions (Chap. 6)
 - B. Cost Functions (Chap. 7, 7A)
 - C. Profit Maximization (pp. 274-279 in Chap. 8)
 - *D. Recent Aspects of the Theory of the Firm
Amitai Aviram, "A Note on Economic Theories of the Firm," FSU College of Law, Law and Economics Paper No. 06-31 (January 2006) found at SSRN: <http://ssrn.com/abstract=880435>. (c)
4. Product Markets
 - A. Competition and Applications (Chaps. 8, 9)
 - B. Monopoly, Monopsony* and Applications (Chaps. 10, 11)
 - C. Imperfect Competition (Chap. 12 and pp. 479-489 in Chap. 13)
5. Factor Markets (Chap. 14)
6. General Equilibrium and Welfare
 - A. Efficiency in General Equilibrium (Chap. 16)
 - B. Market Failure (Chap. 18)

* The Friday, October 9, 2009 class will be re-scheduled for Wednesday, October 14, 2009.

Exam Schedule and Grading:

| | <u>Date</u> | <u>Weight towards final grade</u> | | |
|--------------------------|----------------------|---------------------------------------|----|------------|
| Exam 1 | Th 10/1/09, in class | 30% | or | 25 % |
| Exam 2 | Th 11/5/09, in class | 30% | or | 25 % |
| Exam 3 | Tu 12/15/09, 2-4 | 30% | or | 40% |
| News Annotations | | | | |
| Consumer Theory | F 9/25/09 | | | |
| Producer Theory & Comp'n | F 10/30/09 | | | 10%, total |
| Monopoly and More | F 12/3/09 | | | |

Notes:

1) Exams

Your course grade will be determined primarily on the basis of your performance on the three exams, and all material from class lectures and discussions and assigned reading is fair game. Many students find significant time pressure on the first two exams (for which the class period of 50 minutes is allotted). Because students respond differently to this pressure, I will assign the final grade based on the weighting scheme that yields the highest final score for each student. The exams emphasize applications of the concepts presented in class and in the reading. To help in preparation for the exams problem sets (with answers) will be distributed. These and previous exams are available through the course page on found on CLEO at <https://cleo.whitman.edu/portal>. Nothing but extremely simple calculations will be required on any of the exams, so calculators are not needed (or permitted). However, you may find it useful to bring a ruler--a straight edge is pretty handy for drawing graphs. Finally, conflict exams are not generally available, so schedule other commitments, including Thanksgiving break and end-of-semester travel, around the exams.

2) News Annotations

Your course grade can also be influenced somewhat by the news annotations component of the course. During the semester, you will write three annotations of news articles, each one illustrating concepts from some of the broad categories of microeconomics we will cover in this course (consumers, firms, and markets). With each annotation you will turn in the current news article from which your annotation is drawn. News articles must be dated September 1, 2009 or later. The annotations, themselves, should be no more than one or two typed page in length, including text and graphs. Graphs should be used whenever possible. The annotations are NOT summaries. They provide an explanation (with a graph, if it is feasible) of economic concepts beyond the Econ 101/177 level as they apply to your chosen news article. (If you are not sure whether your proposed annotation uses Econ 307 level concepts, simply ask me.) Your annotations should include a proper citation of the article from which the annotation is inspired. If you use an article from the WWW, be sure to include the URL and the date you visited the site as part of the citation. See the attached sample annotation for an ("lite") example.

Your news annotations will be graded on an A-B-C-D-F system, and the mark will depend upon your correct use of microeconomic principles and the overall quality of your presentation. (That is, spelling, punctuation, grammar, etc. matter.) If you receive a D or F mark on an annotation you've turned in, you will be given one opportunity to re-submit a new and improved version of your annotation the following week in order to receive a higher mark with a penalty of one letter grade. Late annotations will be accepted, but they will receive an automatic and permanent mark of C or D. Failure to turn in an annotation will result in an F grade on the entire annotation grade of 10%, so it is very important to turn in all annotations.

Exams in the course are inspired by news articles I see during the semester, so the annotations assignments might provide you some insight on the quirks of Crouter exams. However, the primary purpose of the annotations is to provide you direct evidence that your knowledge of microeconomics deepens during the semester and that microeconomics is useful for understanding real world events.