

INTERMEDIATE MICROECONOMIC THEORY

Summer 2019

Instructor: Sean O'Connor
Email: sean.oc@ou.edu

Time: MTWTF 8:00 – 10:10
Place: Dale Hall Room 0107

Objectives: Microeconomics revolves around the concepts of scarcity, information, choice, and markets. We will analyze the nature of constrained decisions and how those informed decisions affect the allocation of scarce resources in a market setting. We will learn about consumers maximizing their utility given a budget constraint, firms maximizing their profits, and the interactions which make markets work.

It is expected that students coming into this class are proficient with the material and terminology covered in Principles of Microeconomics. We will extend and refine several concepts learned in that setting and develop many new tools. Upon completion of this course, you should be able to:

- Solve a variety of analytical problems using the tools and techniques of microeconomics.
- Apply your understanding of economic concepts to analyze economic events as they occur in the real world, and to identify correct and incorrect economic reasoning.
- Complete an analytical paper that demonstrates these skills.

Office Hours Tuesdays and Thursdays from 10:30 – 11:30 or by appointment.

Office Location Cate Center 1, Room 336

Course Materials All the material for the course are on the Canvas course website. This will include slides, practice problem sets, and practice multiple choice questions for test preparation. Everything you need to succeed in the class will be on Canvas.

Main References This book is useful but not required for the course. Much of the material will be based on its text and it may be helpful to find a used copy online.

- Jeffrey M. Perloff, *Microeconomics: Theory & Applications with Calculus*, Springer, 3rd Edition (2006).

Prerequisites

- Principles of Microeconomics (ECON 1123)
- Proficiency in Algebra and Calculus

Keys to Success

- Attend every class. Considering the compressed summer schedule, missing a single day of lecture will put you multiple chapters behind the rest of the class. Don't fall behind.
- All the information you need to succeed is on Canvas. Read and re-read the slides provided. By doing so you will learn everything necessary to do well on tests and quizzes.
- You learn economics by doing economics. This course is fairly math-intensive, so make sure that you understand the examples we go over in class and take advantage of the practice problems on Canvas.

- If you come prepared for class, you won't have to pull an all-nighter before exams. Since we'll be covering a lot of information in a short period of time, it's extremely important that you pay attention in class. If you do so, you'll have a total understanding of the problems and be able to adapt them to different examples.

Department Policy The Department of Economics reserves the right to drop students from courses for non-attendance during the first week. Students who wish to drop a class they are still registered for after the first week of class still have the responsibility of dropping the course.

Students with Disabilities Students seeking testing accommodation should register with the Office of Disability Services (ODS). This classroom is an inclusive learning environment, and any needs related to the testing environment will be accommodated.

Honor Code Statement Academic dishonesty will not be tolerated. Students are assumed to be familiar with the OU honor code. Cheating on quizzes and exams is a serious violation of the misconduct code and will be treated as such. Lack of knowledge of the academic honesty policy is not a reasonable explanation for a violation.

Course Components

Quizzes Three quizzes will be given during the semester, typically each Wednesday.

Midterm Exams We will have three midterm exams, each of which will count for 15% of your final grade. The schedule will be determined by a vote the first day of class with students having the options of Friday or Monday exams. Students will have fifteen minutes at the start of the exam period to ask questions before the exams are distributed. A make-up exam is offered at the end of the course. In cases of extreme medical or personal emergencies, and with proper documentation and approval, missed exams will have their points redistributed to the Final exam.

Final Exam The final exam will be held Friday August 2 during the normal class period. The exam will cover Chapters 13 and 14 and count for 25% of your grade.

Make-Up Exam In addition to the final, there will be an optional exam offered to students who wish to take it on the last day of class. You may use this make-up exam to replace the grade of a missed midterm exam or a midterm exam that you did not do well on. Taking it will replace the lowest previous midterm grade. This test will be comprehensive (excluding Chapters 13 and 14) and take place immediately upon completion of the final.

Econ Ruins Everything Paper The real world is full of instances that don't seem to make sense using the traditional tools of microeconomics. The purpose of this project is to find such a case and explain its context. You should engage critically with the tools you have been taught in this and other economics courses to see where our models can be improved. By doing this you might find that individuals are acting in a rational way, even if it does not look like that on the surface. This project will make up 20% of your grade. You will identify a real world case study and write a brief paper (5-8 pages, double spaced) that accomplishes the following:

- You must clearly explain the context of your case study.
- You must provide an explanation for why the case is puzzling. If you say that households with high incomes drive more expensive cars, you won't do well.
- Using the concepts we cover in class (costs and benefits, supply and demand, marginal analysis, consumer preferences, utility and profit maximization, market power, strategic behavior, dynamic games, and others), explain why your case is not so strange after all.

By July 19, you are to submit a 1-page topic proposal. You will need to explain your case study and provide a few of the economic concepts you will use to explain it. The proposal will not count towards your grade, but if you do not submit it then you will miss out on receiving feedback from me which may help you on the final product.

The due date for the paper is July 31st at the start of class. You will turn in a hard copy. Late submissions will receive half credit. Use a cover page and clearly cite any references on a separate page.

Previous papers that have been submitted include:

- “Making Money by Wasting Electricity: The Odd Economics of Hydroelectric Pumped Storage”
- “Ticket to Ride: Why Does a License to Operate a New York City Taxi Cost 20 Times More Than the Taxi?”
- “Show Me the Money! Why Some Global Currencies Respect Size Uniformity and Others Do Not”

Practice Problem Sets Problem sets will be available for students and students are expected to use them as a tool to prepare for in-class exams. *These assignments are not collected or graded.* However, in-class quiz and exam questions will often follow these questions closely. After the quiz is taken that overlaps with the material from a particular problem set, I will post the answer key to that problem set on Canvas to help for exam preparation.

Practice Multiple Choice Since quizzes and exams will also have multiple choice questions, I will post practice multiple choice questions that correspond to each chapter. An answer key will be provided for these questions. These are another great way to prepare for exams.

Course Grades

Your course grade will be based on 3 quizzes (10%), 3 midterm exams (45%), a final exam (25%), and a term paper (20%).

Grade Scale The following grading scale will be used to determine your final letter grade for the course:

A: 90 - 100	B: 80-89.99
C: 70-79.99	D: 60-69.99
F: 0-59.99	

After grading is complete, identical adjustments may be made to everyone's grades if the median score is lower than expected. Please note that tests will not be curved and grades will be determined in strict accordance with the policy above. I will not entertain need based appeals of your course grade. DO NOT EMBARRASS YOURSELF BY ASKING. If you end the course with a 69.99999, you earned a D.

Tentative Course Outline

Week 1: Course Introduction, Supply and Demand, Consumer Theory

- Monday: Syllabus and Course Introduction, Chapter 1 and 2
- Tuesday: Chapters 2 and 3
- Wednesday: Chapters 3 and 4, **Quiz 1**
- Thursday: Chapters 4 and 5

- Friday: Chapters 6 and 7

Week 2: Firms, Production, Competition

- Monday: Midterm Exam 1 (Chapters 1-5)
- Tuesday: Chapters 7 and 8
- Wednesday: Chapters 8 and 9, **Quiz 2**
- Thursday: Chapter 9
- Friday: Chapters 10 and 11

Week 3: Trade and General Equilibrium, Monopoly, Pricing Strategies, Uncertainty

- Monday: Midterm Exam 2 (Chapters 6-9)
- Tuesday: Chapter 11
- Wednesday: Chapters 12 and 16, **Quiz 3**, Paper Proposal Due
- Thursday: Chapter 16
- Friday: Chapter 13

Week 4: Game Theory, Strategy, and Oligopoly

- Monday: Midterm Exam 3 (Chapters 10-12, 16)
- Tuesday: Chapters 13, 14
- Wednesday: Chapter 14, **Due date for term paper**
- Thursday: Chapter 14 and Review
- Friday: Final (Chapters 13 and 14), & Optional Make-up Exam (Cumulative)