ECON 3010: INTERMEDIATE MICROECONOMICS Fall 2015

Lectures

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Class | Section | Day & Time | Room | Instructor |
| 19297 | 199 - LEC | TR 9:30-10:45 | Monroe 130 | Westerfield |
| 14767 | 200 - LEC | TR 11-12:15 | Monroe 130 | Westerfield |

**Discussion Sections**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Class | Section | Day & Time | Room | Instructor |
| 14769 | 202 - DIS | F 3-3:50 | Monroe 110 | Guo/Liu |
| 14770 | 203 - DIS | F 2-2:50 | Monroe 111 | Guo/Liu |
| 14771 | 204 - DIS | F 1-1:50 | Monroe 130 | Guo/Liu |
| 14772 | 205 - DIS | Th 5-5:50 | Monroe 118 | Guo/Liu |
| 14773 | 206 - DIS | Th 6-6:50 | Monroe 110 | Guo/Liu |
| 14774 | 207 - DIS | Th 7-7:50 | Monroe 110 | Guo/Liu |

**Instructor: Teaching Assistants:**

Maria Westerfield, Monroe 219. Fang Guo

**Office Hours:** TR 12:30-1:30 [fg7be@virginia.edu](mailto:wc4ue@virginia.edu)

Extra Office Hours & Review Sessions TBA before tests

**Phone:** (434) 924-7696 office (do not leave message)

**(**434) 924-3177 Economics Department, Monroe Hall Siying Liu

**E-mail:** [mam2p@virginia.edu](mailto:mam2p@virginia.edu) (office) [sl3bd@virginia.edu](mailto:ph4mr@virginia.edu)

[maria.westerfield@yahoo.com](mailto:Jmw@sanbernardec.com)(home)

**Course Description**: Microeconomics is the study of how individual consumers and producers make decisions with regard to scarce resources. Also called “price theory,” microeconomics examines how these decisions of all consumers and producers together determine prices in the marketplace, and how prices in turn influence decisions and actions of individual buyers and sellers. We will first examine the case of perfect competition, starting with the basic supply-and-demand model, and moving on to consumer and producer theory under perfect competition. Next, we will move to market failures, covering imperfect competition, externalities, public goods, and imperfect information. Intermediate Micro is one of the most important, and most theoretical, of the undergraduate econ classes, and is the foundation for 4000-level classes.

**Required Textbooks**: Perloff, Microeconomics 7th edition (Pearson)

MyEconLab (can be purchased with textbook or separately)

Notes Outline, available on Collab under “Resources”

Additional readings on Collab under “Resources” or website link given in Notes Outline

**Notes Outline:** An outline of the notes will be available on Collab under the “Resources” tab. Please print them out and bring them to class and take your notes on these. It would be helpful to put them in a binder. You will find that taking notes using the outlines will organize your notes and facilitate and expedite the note-taking process. *It will be difficult to keep up with the notes without the outline.*  These will be posted periodically during the course of the semester. Please check before coming to class to make sure you have the most recent postings. **Laptops will *not* be allowed in class.**

**MyEconLab (MEL):** With your textbook purchase, you will receive a code to use to log in to MEL. You should set this up at the start of the course. Enrollment information: **Course Name:** Econ 3010 Intermediate Microeconomics Fall 2015 **Course ID:** westerfield76703. If you are still deciding whether to take the course, or are waiting on a distribution to purchase the books, you can sample MEL for a short period of time (sufficient to do the sample homework), but will thereafter have to set it up permanently. If you purchase a used text without MEL, you can purchase access separately. Please use your first and last name to register (no nicknames, as it is harder to record your grade), and enroll in MEL before the first assignment. There will be a sample MEL (not counted towards your grade) due on **Wednesday, September 2** to accustom you to using MyEconLab. The 5 graded homework (MEL) assignments will all be found on www.myeconlab. MyEconLab can also be used as a study tool for further questions and explanations. **Lectures & Attendance** There will be two lectures a week of one hour and fifteen minutes each; these will not parrot the reading. You are strongly encouraged to attend and participate every day in class. You will receive a point for attendance each day for the Question of the Day (see below), which will allow you to accrue some extra credit. You will also be graded on participation during your On-Call days (see below). Experience has shown that there is a strong correlation between attendance and performance. **Please be on time, and please stay the duration of the class.** Late entry into and early exit from the classroom are very disruptive. Please **turn off** cell phones when in class. **No texting in class, please.** Anyone texting will have their On-Call grade lowered. <http://records.ureg.virginia.edu/content.php?catoid=27&navoid=703#atte_in_clas>

Students missing a substantial number of classes unexcused may receive a grade of W up to the withdrawal deadline; thereafter an F.

**Discussion Section** Discussion sections will meet on Thursday evenings and Friday afternoons. You should be registered for a discussion section, and are expected to attend. The discussion section will be used to go over homework, tests, and any other questions a student may have on the material. Additionally, during six discussion sections (9/3 & 4, 9/10 & 11, 9/24 & 25, 10/22 & 23, 10/29 & 30, 11/19 & 20), students will work in class on problem sets. For more information, see “Problem Sets” below.

**Grades** (posted on Collab)

Final grade = 40% Tests + 7.5% MEL + 5% Questions of the Day + 5% On-Call + 7.5 % Problem Sets + 35% Final = 100%

Grade distribution: A: 90-100; B: 80-89.9; C: 70-79.9; D: 60-69.9; F: below 60. +/- grades will be distributed within these brackets in 3.3 point increments (86.7-89.9 = B+; 90-93.3 = A-; 93.4-96.6 = A-; 96.7-100=A+). There is no rounding for the final grade. **Final grades will only be changed if there has been an error in the calculation. Course work cannot be regraded to get extra points once final grades have been submitted.**

**Tests:** There will be two tests, with each test is 20% of the final grade. The dates for the tests are: **Thursday, October 8,** and **Thursday, November 12**. The **final exam** for the **9:30 am** class is scheduled for **Friday, December 18, 2-5 pm** in Monroe 130 (our lecture room), and for the **11 am** class is scheduled for **Thursday, December 17, 9 am-12 pm,** and will count 35% towards the final grade. **I am not allowed to give the final exam early, so please plan your travel schedule for after the final exam time.** Tests will be comprised of a mix of multiple choice, true/false/explain, matching, short answer, long answer, and math problems. Students need to bring a calculator for the test. Formulas should not be saved onto the calculator. Notes and books will not be permitted. **Tests will be pledged**. <http://records.ureg.virginia.edu/content.php?catoid=27&navoid=703#fina_exam>

**Homework/MyEconLab:** There will be 5 graded homework assignments on **MyEconLab**. Students may use books, notes, and calculators. The average of homework assignments will count 7.5% toward the final grade. **Homework will be posted on MyEconLab, approximately the week before it is due.** A sample homework (due Wednesday 9/2) will be posted to accustom you to the program and give insight into the work before the add/drop date. MELs will normally be due on Wednesday by 9 p.m. Due dates are: **Sample MEL (not counted in grade), 9/2; 1)** **Wednesday, September 16; 2) Wednesday, September 30;**

**3) Wednesday, October 14; 4) Wednesday, November 4; and 5) Wednesday, December 2.**

**Problem Sets:** There will be 5 graded problem sets. Problem Sets will be posted on Collab approximately 1 week before their due date. You should work on these ahead of time, and everyone should bring a copy of the problem set and their work to the discussion section. During the discussion section, you will work in groups and work with each other to arrive at the solution. The TAs will be available for help. Each group will turn in **one** problem set to be graded. ***Make sure everyone in the group’s name is on the problem set turned in.*** The TAs will make copies to hand back to each student. The average of the problems sets will count 7.5% toward your final grade. The dates for the problems set are: **Thurs/Fri, September 3 & 4 (Sample - not counted in grade);**

**1) Thurs/Fri, September 10 & 11; 2) Thurs/Fri, September 24 & 25; 3) Thurs/Fri, October 22 & 23;**

**4) Thurs/Fri, October 29 & 30; and 5) Thurs/Fri, November 19 & 20.**

**Question of the Day:** At the beginning or end of each class, you will answer a question pertaining to the previous class material or the current class material. Questions will then be immediately graded, and you will also receive one point for a correct answer and one point for attendance. The denominator for calculating this grade will be less than the sum total of possible points to be earned, so that it is possible to earn extra credit. QOD will count 5% towards your final grade. **QOD will be pledged.**

**On-Call:** After the first week of classes, you will be assigned in alphabetic order to 4 “on-call” days throughout the semester. The On-Call schedule will be posted on Collab. You should be prepared to answer questions in class on the material for that week. Preparing the notes outline ahead of time is your best way of preparing for on-call. You will be graded on your participation and preparedness for those days. On-Call will count 5% towards your final grade. Other students who are not “on call” for a given day are also welcome to engage in classroom discussions and ask questions. If you find you have other major commitments scheduled (ie, a big test or interview) for your on-call day, please contact me as soon as possible to reschedule. You will not be allowed to reschedule after the on-call date has passed, unless you have an excused absence.

**Make-up Test/Homework/Assignment:** If you have prior information about missing a class, homework, or test (such as for athletics, religious holidays, field trips, interviews), please contact me as soon as possible about an alternate date to take the test or turn in a homework, or to complete a make-up test, homework, or assignment. For any excused absence, students must satisfy all three of the following conditions in order to be able to turn in a rescheduled homework or test, or take a make-up test and/or homework without penalty: 1) **excused absence:** a student must have a valid excuse (see <http://college.artsandsciences.virginia.edu/absence_regulations> for a list of approved excuses; 2) **proof:** a student must provide proof of the valid excuse (obituary, athletic schedule, confirmation of visit to health care provider/doctor’s note for illness or *pledged* note regarding your illness) within one week of the last date of absence; and 3) **notification:** To be excused the student must notify me in writing (acknowledged e-mail message is acceptable) prior to the date of absence if such notification is feasible. In cases where advance notification is not feasible (e.g. accident, or emergency), please provide notification as soon as feasible. If a student satisfies the three conditions, he/she will be allowed to reschedule or take the make-up test/homework/assignment to count for the missed grade. If a student does not satisfy one or more of the conditions, the student will not be allowed to reschedule or take the makeup and will receive a grade of zero for the missed test/homework/assignment. Students should contact me about an appropriate time to take the make-up test/homework/assignment.

**Collab:** Notes outlines, any additional readings, grades and announcements will be posted on Collab.

**How to Calculate Your Grade:** Express your grades as a decimal (78% = .78).

(MEL1\_\_\_\_\_\_ x 1.5 pts.) + (MEL2 \_\_\_\_\_x 1.5 pts.) + (MEL3 \_\_\_\_\_x 1.5 pts.) + (MEL4 \_\_\_\_\_x 1.5 pts.) +(MEL5 \_\_\_\_\_x1.5 pts.) + (PS1 \_\_\_\_\_ x 1.5 pt) + (PS2 \_\_\_\_\_ x 1.5 pts) + (PS3 \_\_\_\_\_ x 1.5 pts) + (PS4 \_\_\_\_\_ x 1.5 pts) + (PS5\_\_\_ x 1.5 pts) + (Test 1\_\_\_\_\_\_\_x 20 pts.) + (Test 2\_\_\_\_\_\_\_x 20 pts.) + (QOD average\_\_\_\_ x 5 pts) + (On-Call\_\_\_\_\_) + (FINAL\_\_\_\_\_\_\_\_x 35 pts.) = \_\_\_\_\_\_\_\_/(Total possible pts earned so far\_\_\_\_\_\_\_\_) x 100=GRADE

Extra Credit: There will be no extra credit assignment.

**Final Grade:** Your final grade will be comprised of your average of your 5 MyEconLab assignments, 5 problem sets, 2 tests, QOD quiz average, on-call grade, and final. Your letter grade is assigned depending on how it falls within the distribution outlined above. Once your final grade has been calculated, I cannot regrade work to find extra points, and I cannot and do not change grades unless there is an error in the calculation or the reporting of a grade. I do not offer extra credit to one student that is not offered to the entire class as a whole during the course of the semester. <http://records.ureg.virginia.edu/content.php?catoid=27&navoid=703#grad_syst>

Extensions/Incompletes: Unless authorized by the dean’s office, students must complete all course work before taking the final examination. Instructors are not authorized to extend the time for completion of course work without the dean’s approval.

<http://artsandsciences.virginia.edu/college/grade/grade_system.html#a4>

Extra Help: I encourage you to see me as early as possible if you feel you are falling behind. Tutors are also available through the Economics Department. <http://artsandsciences.virginia.edu/economics/undergrad/tutoring/index.html>

Review Sessions/Extra Office Hours: I will schedule a review session the Tuesday or Wednesday evening before a test. Time and place will be announced. I will hold extra office hours before tests, TBA.*The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. For more specific information about services and policies, including guidelines and forms for documentation, see the LNEC website at* [*www.virginia.edu/studenthealth/lnec.html*](http://www.virginia.edu/studenthealth/lnec.html)*. The LNEC can be reached by telephone at: 434-243-5180  (voice); 434-465-6579 (video phone); and 434-243-5188 (fax).* [*http://records.ureg.virginia.edu/content.php?catoid=27&navoid=703#acco\_for\_stud*](http://records.ureg.virginia.edu/content.php?catoid=27&navoid=703#acco_for_stud)

Honor Code: Students may work together on problem sets, which do not need to be pledged. Students may refer to books and notes for the homework, which is also not pledged. Tests and the Question of the Day should be each student’s individual effort, and will be pledged. For additional information, please visit: <http://records.ureg.virginia.edu/content.php?catoid=27&navoid=700> .

For more information on plagiarism, please visit: <http://www.virginia.edu/honor/documents/PlagiarismSupplementFINAL.pdf>

Pledge: On all tests/quiz questions, the student shall sign the following: “On my honor as a student at UVA, I have neither given nor received aid on this exam.”

Tips for success: Economics is considered quite a difficult course because it involves abstract thinking. You will need to spend considerable time preparing for class, reviewing your notes, and practicing problems.

How do you know when you know the material?

1) The standard of “knowing” is the ability to explain to others, not to just understand.

2) Deep knowledge means understanding the facts and conclusions (the forest and the trees) and how they are interrelated.

3) Strive for flexible knowledge over rote memorization.

4) Don’t just be *familiar* with the subjects and vocabulary; develop an ability to precisely recall the material.

How to study:

1) Don’t cram. Study over time by keeping up with the reading and exercises.

2) Read or skim chapters before coming to class, then reread after class.

3) Read actively, by taking notes and making an outline, and questioning yourself as you read. Note what you don’t understand.

4) Stay focused and take good notes in class, and try to follow the logic of the explanations.

5) Review your notes after class, and before the next class.

6) Memorize vocabulary, but make sure you understand and can apply it.

7) Be able to replicate graphs (shapes, labeling) and understand them, and apply them when a variable changes.

8) Work through lots of problems such as chapter problems and homework, and ALWAYS draw a picture/graph when you can!

9) Find a study partner or study group and explain concepts to each other.

10) Ask me questions, both in class and at office hours, or via email. There is no such thing as a dumb question.

What you can expect in class:

You will have an opportunity to engage in discussion and classroom examples, but will also be taking notes and learning models. Students who are “on call” should be prepared to answer questions on vocabulary, on the reading for that day (both the textbook, and any additional material), on any questions given in the notes outline, and have a preliminary understanding of graphs from the textbook. Other students who are not “on call” are also welcome to engage in classroom discussions and ask questions. You will take notes on the notes outline from Power Point slides, my explanations, and from student answers.

Approximate Schedule

Below is an *approximate* schedule for topics this semester. Material will likely overlap some days. Look to the notes outlines for actual material covered in class, and refer to where we ended last class. *The material will deviate somewhat from this schedule:*I will post on Collab what to prepare for in each class, and you are welcome to email me.

**Dates in Bold are Due Dates for Assignments or Test Dates (Red for MEL, Green for Problem Sets, Black for Papers & Tests, Blue for Add/Drop/Withdraw Deadlines)**

**Part I: Intro, Supply & Demand, Elasticities, Consumer Choice, Uncertainty**

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Lecture | Topic | Readings |
| 8/25 | 1 | Go Over Syllabus Introduction, Supply, Demand & Market Equilibrium | Ch. 1.1-1.3 On Your Own2.1-2.2 |
| 8/27 | 2 | Shifts in Supply & Demand, Elasticities | Ch 2.3, 2.4, 3.1 |
| 8/27 & 28 | DIS 1 | Math Review | Math Review |
| 9/1 | 3 | Elasticities & Preferences | Ch. 3.1-3.3 |
| 9/2 |  | **Sample Homework Due 9 pm on MEL** | Ch 1-3 |
| 9/3 | 4 | Preferences, Utility & Budget Constraints | Ch. 4.1, 4.2-4.3<http://harvardmagazine.com/2015/05/the-science-of-scarcity> |
| 9/3&4 | DIS 2 | Sample Problem Set on Ch 1-3 material | **Sample Problem Set** Ch 1-3 |
| **9/8** | 5 | **Last Day to Add**  Constrained Consumer Choice | Ch. 4.3, 4.4a |
| 9/9 |  | Last Day to Drop |  |
| 9/10 | 6 | Constrained Consumer Choice  Food Stamps  Behavioral Econ  Deriving Demand | Ch. 4.4b & c, 4.55.1, \*Calculus of Utility Maximization (on Collab) |
| **9/10 & 11** | DIS 3 | Problem Set on Ch 3-4 material | Problem Set 1 ch 3-4 |
| 9/15 | 7 | Changes in Income | Ch 5.2 |
| 9/16 |  | HW1 on MEL (MEL1) Due by 9 pm(material from Ch 4-5) | Ch 4-5 |
| 9/17 | 8 | Effects of a Price Change  Income & Substitution Effects  Labor Supply Curve | Ch. 5.3, Ch 5.5  (Skip ch 5.4) |
| 9/17 & 18 | DIS 4 |  | Go over PS1 & MEL 1 |
| 9/22 | 9 | Assessing Risk, Attitudes towards Risk  Reducing Risk, Behavioral Econ with Uncertainty | Ch 17.1, 17.2Ch 17.3, 17.5 (On Your Own) |

**Part II: The Firm & Production, Costs, Perfect Competition & Welfare**

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Lecture | Topic | Readings |
| 9/24 | 10 | Production Functions, Short-Run & Short-Run Costs | Ch. 6.1 – 6.3 (OYO), Ch 7.1-7.2 (OYO)  Ch 6 & 7 Demo |
| 9/24&25 | DIS 5 | Problem Set 2 ch 4-5, 17 | Problem Set 2 ch 4-5, 17 |
| 9/29 | 11 | Long-run Production | Ch 6.4 6.5, 7.1 – 7.3  \*Calculus of Cost Minimization (on Collab) |
| 9/30 |  | **MEL 2 Due by 9 PM (material from ch 4, 5 & 17)** | **ch 4, 5 & 17** |
| 10/1 | 12 | Returns to Scale, Nature of Costs,  Long-Run Costs | Ch 6.5, 7.3 |
| 10/1 & 2 | DIS 6 |  | Review for Test 1/Go over MEL2 & PS2 (Friday sections may all go to 1 pm DIS) |
| 10/6 |  | Fall Break ☺ | Fall Break ☺ |
| 10/7 |  | Review Session Wednesday evening TBA |  |
| 10/8 |  | **Test 1** | **Test 1: Ch 1-5, 17**  **(only sections covered as listed above in Part I)** |
| 10/8 & 9 |  |  | No Discussion Section |
| 10/13 | 13 | Long-run Costs | 7.3 |
| 10/14 |  | **MEL3 Due by 9 pm**  **(material from ch. 6-8)** | **ch. 6-8** |
| 10/15 | 14 | Lower Costs in the Long Run  Perfect Competition,  Profit Maximization  Competition in the Short Run | Ch. 7.4  Ch 8.1-8.2a (OYO)  Ch 8.2b  Ch 8.3 |
| 10/15&16 | Dis 7 | Go over Test 1 | Go over Test 1 |
| 10/20 | 15 | Last Day to Withdraw  Competition in the Short Run & Long Run | Ch 8.3-8.4 |
| 10/22 | 16 | Competition in the Long Run  Zero Profit in the Long Run  Consumer Welfare | Ch. 8.4  Ch. 9.1  Ch 9.2 |
| 10/22&23 | Dis 8 | Problem Set on Ch 6-8 | **Problem Set 3 Ch 6-8** |
| 10/27 | 17 | Producer Welfare  Competition, Deadweight Loss | Ch 9.3  Ch 9.4-9.6 |

**Part III: General Equilibrium & Market Failures**

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| --- | --- | --- | --- |
| Date | Lecture | Topic | Readings |
| 10/29 | 18 | General Equilibrium  Exchange | Ch 10.1 Ch 10.2-10.3 |
| 10/29&30 | DIS 9 | Problem Set on Ch 8-10 | Problem Set 4 Ch 8-10 |
| 11/3 | 19 | Exchange, Production & Trade | Ch 10.3-10.4 |
| 11/4 |  | MEL 4 Due by 9 pm(material from ch. 8 - 10) | **Ch. 8 - 10** |
| 11/5 | 20 | Efficiency v Equity Monopoly: Profit Maximization | Ch 10.5Ch 11.1 |
| 11/5&6 | DIS 10 |  | Review/Go over PS 3 & 4, MEL 3 & 4 |
| 11/10 | 21 | Monopoloy: Market Power, Market failure due to Pricing  Monopoly: Causes, Government Action  Conditions for Price Discrimination  **Review Session Tuesday Evening TBA** | Ch 11.2– 11.3 Ch 11.4 (OYO)  Ch 11.5, (Skip 11.6)  Ch 12.1 (OYO) |
| 11/11 |  | **Extra Office Hours TBA** |  |
| 11/12 |  | **TEST 2** | **Test 2: Ch. 6-9 (only sections covered as listed above in Part II)** |
| 11/12 & 13 |  | No Discussion | No Discussion |
| 11/17 | 22 | Price Discrimination  Advertising  Oligopoly: Cartels | Ch 12.2-12.4 (12.5 & 12.6 only definitions)  Ch 12.7  Ch 13.1 (OYO), 13.2 |
| 11/19 | 23 | Oligopoly: Cournot, Stackelberg, Bertrand  Monopolistic Competition  Game Theory | Ch 13.3 – 13.5 (Brief overview)  Ch 13.6  Ch 14.1 |
| 11/19 & 20 | DIS 11 |  | **Problem Set 5 ch 11-13**  (Test 2 handed back, but will go over it the following week) |
| 11/24 | 24 | Game Theory  Externalities | Ch 14.1  Ch 18.1 – 18.3 |
| 11/26 |  | Thanksgiving ☺ | Eat a lot! ☺ |
| 12/1 | 25 | Externalities  Public Goods  Adverse Selection | Ch 18.3, 18.6  Ch 19.1 |
| 12/2 |  | MEL 5 due by 9 pm (ch 11-14, 18) | **ch 11-14, 18** |
| 12/3 | 26 | Principal Agent | Ch 20.1 |
| 12/3&4 | DIS 12 |  | Go over Test 2, PS 5, MEL5 |
| 12/8 | 27 | Review |  |
| Thurs 12/17 |  | **FINAL EXAM FOR 11 AM CLASS** | **9 am-12 pm Comprehensive Final Exam for 11 am class** |
| Fri 12/18 |  | **FINAL EXAM FOR 9:30 AM CLASS** | **2-5 PM Comprehensive Final Exam for**  **9:30 am class** |