

ECO 315: Intermediate Microeconomic Theory (Fall 2014)
Professor Greg NiemeshTuesdays and Thursdays
FSB 1006
SECTION A: 2:30-3:50PM
SECTION B: 4:00-5:20PMCONTACT INFORMATION:

Office location	FSB 3023
E-mail	niemesgt@miamioh.edu
Twitter handle	@ProfNiemesh
Office phone	(513) 529-2150
Office hours	Mondays from 10:00am – 12:00pm in FSB 3023 Wednesdays from 6:00pm – 8:00pm in FSB 3023 and by appointment

Please use the scheduled office hours as much as possible. Appointments are intended to be available for students that have schedule conflicts with the posted office hours. Email is always a viable, and preferred, method of communication.

PREREQUISITES: ECO 201 and 202 (Intro Sequence), and MTH 151 or 153 or 155 (Calculus I).

There are two prerequisites, both of which are essential. It is unlikely that you will pass the course if you haven't met both of them.

The first prerequisite is that you must have completed the Intro to Econ sequence (ECO 201 and 202). It goes without saying that you must not be surprised when you hear me use terms like demand curve, supply, profit maximization, without necessarily defining them. If it's been a while since your intro courses, keeping an introductory textbook on hand to look up terms is advised (as opposed to just relying on our textbook).

The second prerequisite is the really important one: you must have calculus proficiency at the MTH 151 level or similar. You must be comfortable with the following from day one:

- What a derivative of a function represents (i.e., you understand it's the slope of a tangent line touching a function at a particular point);
- How to find the derivative of a function in one variable in a variety of contexts; (we will learn about partial derivatives in the course, so don't worry if you don't know those are)
- How to maximize or minimize a function in one variable using calculus. (Again, we will review this process.)

Course Materials:

Required Textbook: Microeconomics, by David Besanko and Ronald R. Braeutigam 4th edition. You can purchase or borrow a used copy or older edition of this book. As long as it covers the same material as Besanko and Braeutigam 4th edition, you will be fine. The 3rd edition will work. The 5th edition will also work, but is more expensive than the 4th.

Required course materials. Other course materials include occasional supplemental reading assignments, problem assignments, and PowerPoint slides. These materials will be posted on the course site (Niihka)

and will be organized to follow the day-by-day class schedule. (Let me know within 24 hours of the end of the first class session if you do not have access to the Niihka course site.)

Optional course materials (but, STRONGLY RECOMMENDED). You might find the problems contained in the stand-alone study guide helpful as well. The study-guide is optional, and should be held at the bookstores on campus. Alternatively, you can obtain a copy from one of the online booksellers.

COURSE DESCRIPTION: Economics is the social science that deals with the allocation of limited resources to satisfy unlimited human wants. Broadly speaking, economics is composed of two branches: microeconomics and macroeconomics. Microeconomics studies the economic behavior of individual economic decision-makers, such as consumers, workers, firms, or managers. It also analyzes the interaction and behavior of groups of these individuals, such as households, industries, markets, labor unions, and trade associations. This framework is absolutely fundamental to understanding an enormous range of phenomena in business, public policy, social behavior, and a variety of other fields.

We will begin with an overview of the equilibrium behavior of competitive markets. The main tools that economists use to analyze the behavior of such markets are the demand curve, the supply curve, and the notion of market equilibrium, which characterizes the interaction of the forces of demand and supply. We will then spend the rest of the term going beyond our overview to understand how market demand curves and market supply curves come about. We will do this by building up a model of consumer preferences and consumer choice, which can be used to derive a market demand curve. Next, we build up a model of the theory of production and firm behavior to derive a market supply curve. At the end of the term, we will return to the concept of market equilibrium with our more detailed understanding of demand and supply in order to derive further properties of market behavior and conduct policy analysis.

The type of analysis we conduct is called *partial equilibrium* because it characterizes behavior in a single market. We will also derive some welfare properties of competitive markets for partial equilibrium. Next, we move beyond competitive industry structures to consider various other commonly-observed industry structures such as monopoly and oligopoly. We will observe how industry equilibrium differs from the competitive case for each of these structures. Finally, we will introduce game theory into our analysis of firm behavior.

Microeconomic analysis relies on a small set of enormously powerful analytical tools: constrained optimization analysis, equilibrium analysis, and comparative statics analysis. This course attempts to help you master these tools by presenting their graphical, algebraic, and logical mechanics, as well as by illustrating their use in many different contexts.

Learning Outcomes: This course teaches you the techniques of constrained optimization and equilibrium analysis; it relies heavily on differential calculus. You will learn the foundations of consumer and producer behavior and the positive and normative analysis of their interaction in perfectly and imperfectly competitive markets. You will learn and practice skills in this course that are applied in virtually every course in the undergraduate economics curriculum.

Assessment: Your course grade will be determined by averaging the letter grade you earned on the two mid-term examinations, the final, the homework, the writing assignment, and quizzes. Your course grade will be calculated as follows:

Exam 1	Exam 2	Final	Problem Sets	Writing	Quizzes	<u>TOTAL</u>
23%	23%	26%	13%	10%	5%	100%
230pts	230 pts	260 pts	130 pts	100 pts	50 pts	1000 points

Examinations: All exams will take place in the regular classroom on the dates listed below.

- Mid-term Examination 1: Thursday, October 2
- Mid-term Examination 2: Thursday, October 30
- Final Examination:
 - SECTION A (2:30-3:50): Thursday, Dec 11 from 3-5pm in FSB 1006
 - SECTION B (4:00-5:20): Tuesday, Dec 9 from 3-5pm in FSB 1006

You should consider these dates to be firm and put them in your schedule. If there is any change, it will be announced sufficiently in advance. Although, I foresee changing exam dates *only* for emergencies. Each exam will be composed of T/F Explain and longer essay questions. Exam questions will be based on material covered in lecture, the problem sets, practice problems, and textbook. This does not imply that exams will contain *only* problems that you have seen previously. Problems of a type you have yet to encounter will use the *concepts and techniques* applied in solving previous problems.

Exam Reflection

After each exam, review the incorrect answers on your test. For each error, try to explain how you arrived at what you thought was the correct answer. Then, try to determine the flaw in your logic, and arrive at the true correct answer. If, after completing this exercise, there are still questions/answers that you do not understand, please make arrangements to see me in my office. When you stop by my office to discuss an exam, I will ask to see your written exam reflections.

Grading Questions

I am always available to discuss concerns about your *overall class performance* during office hours (or by appointment). However, questions about the *grading* of particular *exam questions* must be expressed to me in writing within a week after exams are returned. I will respond within a week of receiving any inquiry, also in writing. This policy significantly reduces the chance of misunderstanding common in “heat-of-the-moment” verbal exchanges. In addition, many students find it easier to express their concerns through written communication. Finally, this procedure ensures the complete documentation of any such exchange.

Problem Sets: You will get two to three rather *difficult* problems every Thursday, which will be due at the beginning of class each Tuesday.

Quizzes:

There will be a 1/3 probability of a quiz each non-exam class period. The quiz will include two questions: one on the material covered in the last class and one on the new material from the reading assignment for the current class period. At the end of each class I will inform you of the pages that are fair game for the upcoming quiz.

Grading scale

Consistent with university policy, course grading approximates a straight scale. I reserve the right, however, to lower (not raise) cutoffs to insure that they run through natural gaps in the grade distribution and to insure a reasonable mean. This means that I reserve the right to curve cutoffs *down* such that the percent of points required to earn a particular letter grade is *lower* than the straight-scale cutoff (e.g., 86% is an A – rather than 90%). Whether or not grades are curved is entirely at my discretion; curved cutoffs are not guaranteed.

Attendance

Attending class regularly will greatly increase your probability of achieving your short-term goals (e.g., academic success) and your long-term goals (e.g., professional success). As such, I highly recommend not only attending but also actively participating in each and every class session.

In accordance with Miami University Policy (copied and pasted below), I reserve the right to drop any student from the course who fails to attend class regularly.

01.701.E. Whenever a student is absent from class to such an extent as to make the student's work inefficient or to impair the morale of the class, the instructor may direct the University Registrar to drop the student from that course with a grade of F. The instructor shall notify the student of this action no later than the time he or she notifies the Registrar.

Missed deadlines

Deadlines for all components of your grade are on the day-by-day class schedule and will be announced in class. If you miss a deadline, you will receive a score of zero for that assignment. I have no tolerance for missed deadlines for three reasons:

1. The schedule is distributed on the first class day so everyone can plan their semester accordingly.
2. It's highly unprofessional (and some might even say disrespectful) to miss deadlines.
3. Accepting late work is unfair to the majority of students who submit their assignments on time.

I understand, however, that it is possible that extenuating circumstances may cause you to miss a deadline. I consider these circumstances to be ***your own serious illness, a serious emergency in your immediate family, or a university-authorized absence***. Here's what you need to do if such a situation arises.

- ***Before*** you miss the deadline, make every effort to contact me and inform me of the situation. I reserve the right to critically evaluate your efforts to contact me.
- Within one week after the missed deadline, you must provide documentation of the extenuating circumstance from a third party (e.g., a doctor or university official, a death notice or obituary). I reserve the right to critically evaluate the credibility of the documentation you submit.
- Within one week of receiving the documentation, I will choose whether or not to either offer a make-up assignment or revise the weighting of the other components of your grade. I will send you an e-mail with my decision.

To succeed in this course, you need to be an active learner and take responsibility for your own learning! You may ask yourself, "How can I do this?" The following are some recommendations for how you can be an active learner and increase your probability of success in this course.

BEFORE each class session: **PREPARE**

- *Read and analyze the assigned text and reading materials.* If you don't read and analyze the assigned materials, then class discussions and in-class problems will be more difficult to understand, you won't

be able to participate, and your grade will suffer.

- *Thoughtfully prepare any assignments that are due.* Sometimes this requires grappling with ambiguity in a decision problem, sorting through more information than you need, searching for information that you need but don't have, or choosing and defending a solution from a set of possible solutions.
- *Submit all assignments by the deadline.* My policy on missed deadlines is very strict. Deadlines are important; they are ubiquitous in business and they exist for a reason. I'm generally a pretty tolerant person, but absolutely not with missed deadlines!

DURING each class session: *BE AN ACTIVE PARTICIPANT*

Interactions with me and your classmates during class will reinforce your knowledge of topics and concepts and also provide an opportunity to hone critical communication skills. Our classroom is a safe environment where no one should be afraid to talk; we all need to help each other develop our communication skills. Classroom interaction also provides opportunities to personally connect with me and your classmates. The relationships you establish in our class may benefit you not only in the short-run (e.g., in our class and while you are at Miami), but also in the long-run during your professional careers!

AFTER each class session: *REVIEW WHAT YOU'VE LEARNED*

Reviewing the assigned readings and slides and re-doing the in-class problems and exercises will reinforce what you've just learned and help reduce study time for exams.

Classroom etiquette

I expect you to behave like the young *professionals* that you are. There are three aspects of professional behavior in particular that I expect from you during class.

1. *Pay attention.* I expect you to give full attention to the topic at hand. As such, the use of tablets, laptops, and other electronic devices should be devoted to class topics only. If you choose to use electronic devices in class, then they must be turned to silent. If I deem that the use of these devices becomes disruptive, then I reserve the right to restrict or disallow the use of these devices in class.
2. *Be polite.* I expect you to give full attention to the person or people who are speaking during our discussions. This may be me (e.g., when I am discussing slides) or one or more of your classmates (e.g., when we are having a group discussion). Giving full attention to others means that you are not speaking when others are speaking. Although I strongly encourage group discussion and interaction, there are rules of etiquette for such discussions and I expect you to adhere to these rules in our classroom. I have absolutely no tolerance for people who speak over others, interrupt others, or speak while others are speaking; it is unprofessional, counter-productive, and disrespectful.
3. *Be punctual.* I expect you to be punctual and to be prepared to begin class at the time class is scheduled to begin. This usually means arriving a few minutes *before* class is scheduled to begin. I understand that uncontrollable situations arise from time to time that may cause you to be late, but habitual lateness will not be tolerated. I reserve the right to ask any student who arrives after class has started to leave.

Some more helpful hints: Many students find this course quite challenging. The course content is much more quantitative and abstract than that of the introductory economics courses. Following are some of my suggestions as to how to succeed in this course.

1. *Attend class.* There will be a great deal of overlap between my lectures and the textbook. However, in my lectures, I will emphasize the material I feel most important (and hence, most likely to appear on the exams). I will also go through example problems that will be similar to those on the exams.

2. *Do the homework.* The best way to prepare for the problems on the exams is to do the homework problems. Besides being good preparation for the exams, they are worth 13% of your course grade. Some students make the mistake of thinking that 13% is too small a fraction to affect their final grades. But inevitably every semester, I find that some students end up earning D's in the course only because they *chose* not to do the homework.

3. *Come to office hours.* Please come see me in my office hours if you have questions about the course, lecture material, homework problems, etc. If you are struggling with the course material, please come to see me sooner rather than later.

4. *Solve problems.* Lots and Lots and Lots of problems. Not just the ones I assign. Do the learning-by-doing problems and end of chapter problems in the textbook. You need to take control of your own learning. You have to decide how to allocate the scarce resources you have available (mainly time and energy) to outside of class, other classes, this class, and within this course. Solve a problem of a certain type until you feel comfortable with it. Spend more time on problems/concepts that you find more difficult and intricate. Write your own exam questions. Don't focus solely on the mathematical techniques. Be sure you understand the intuition.

Miami University policies

Drop policy

Miami University policy for full-semester courses states that:

- if a student drops by the third week deadline, the course will be removed from his/her record; this date is **Friday September 12**.
- if a student drops after the third week deadline and before the end of the ninth week, a "W" will be recorded on his/her record; this date is **Monday October 27**
- after the ninth week, a student cannot drop unless a petition is submitted (see the advising office for information on petitions).

Note: drop deadlines are hard deadlines that are dictated by Miami University policy. If you attempt to drop even one day after a deadline, you will be out of luck. You should plan and act accordingly!

Academic and professional integrity

As a young professional with the potential to be a future leader in your chosen profession, I expect you to act professionally, with integrity, and in compliance with University rules and regulations.

As a student at Miami University, you are aware of the University's policy on academic integrity in Chapter 5 of *The Student Handbook*. Further, I expect you to be familiar with the information the University provides on academic integrity at <http://www.miami.muohio.edu/integrity/>.

As such, all work should represent your independent effort, and plagiarism of anyone else's work (regardless of whether that work is in oral, written, or electronic form) **will not be tolerated**. Specifically:

- During class, I expect professional behavior and respect for others.
- For individual assignments, **submitted work must be your own and cannot incorporate the ideas of others**. I recommend that you avoid discussions or other review of these assignments with others to avoid the impression that the work you submit is not your own.
- For group assignments, discussions must remain amongst you and your group's members.
- For exams, although I encourage **studying** with your classmates, all work must be your own receiving no aid, and providing no aid **during** exams.

Student with Disabilities: If you are a student with a disability and feel that you may need a reasonable accommodation to fulfill the essential functions of the course that are listed in this syllabus, students with physical, medical and/or psychiatric disabilities are encouraged to contact the Office of Disability Resources at 529-1541 (V/TTY), and students with AD(H)D and/or specific learning disabilities may contact the Office for Learning Disability Services located in the Rinella Learning Center at 529-8741. If you qualify for accommodations because of a disability, please submit to me a letter from the Office of Disability Services in a timely manner so that your needs may be addressed. The Office of Disability Services determines accommodations based on documented disabilities.

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. If you have a conflict due to a religious obligation, please see me at least two full weeks in advance so that alternate arrangements can be made. Only a select few religious observances are allowed for excused absences because of a requirement of abstinence from secular activity. You can find a listing of religious holidays on the university website. Policies regarding religious practice are available at <http://www.units.muohio.edu/reg/bulletins/generalbulletin2012-2013/class-attendance.htm>

Extra Credit Opportunity

Find a clip from a movie, song, literature, or art that relates to a topic in our Intermediate Microeconomics class. Get me an electronic version of this clip. Provide me an explanation of why you think it relates to the course. We will view the clips during the last class period. The class will vote on the *two* best submissions, which will receive 20 points (2%) applied to the final grade (a one-third letter grade bump at max: B- to B or B to B+). In the event that the number of submissions cannot be viewed in the time allotted for class, I reserve the authority to select those viewed based on the quality of the write-up. In the event that multiple students submit the same clip, the first submission gets priority. I will notify you if your selection has already been made.

Course Outline: This is a tentative schedule. I will provide updated versions as changes occur.

<u>Week</u>	<u>Date</u>	<u>Content</u>	<u>Assignments and Due Dates</u>
1	T Aug 26	Introductions and Ch. 1	
1	Th Aug 28	2	
2	T Sep 2	2, 3	Problem Set 1 Due
2	Th Sep 4	3	
3	T Sep 9	3	Problem Set 2 Due
3	Th Sep 11	4	
4	T Sep 16	4	Problem Set 3 Due
4	Th Sep 18	4	
5	T Sep 23	5	Problem Set 4 Due
5	Th Sep 25	5	
6	T Sep 30	5, 15.1-15.3	Problem Set 5 Due
6	W Oct 1	Review Session	6:00-8:00pm in FSB 0032
6	Th Oct 2	Exam 1	
7	T Oct 7	6	
7	Th Oct 9	7	
8	T Oct 14	8	Problem Set 6 Due
8	Th Oct 16	8	
9	T Oct 21	9	Problem Set 7 Due
9	Th Oct 23	9	
10	T Oct 28	9,10	Problem Set 8 Due
10	W Oct 29	Review Session	6:00-8:00pm in FSB 0032
10	TH Oct 30	Exam 2	
11	T Nov 4	11	
11	Th Nov 6	11	Group Assignment
12	T Nov 11	12	Problem Set 9 Due
12	Th Nov 13	13	
13	T Nov 18	13	Problem Set 10 Due
13	Th Nov 20	14	

14	T Nov 25	14	Rough Draft of Writing Assignment & PS 11 Due
14	Th Nov 27	THANKSGIVING	NO CLASS
15	T Dec 2	16	Peer Reviews of Writing Assignments & PS 12
15	Th Dec 4	16, 17	Final Draft of Writing Assignments Due
16	T Dec 9	SECTION B: FINAL 4:00-5:20 Class	3:00-5:00pm in FSB 1006 (Normal classroom)
16	TH Dec 11	SECTION A: FINAL 2:30-3:50 Class	3:00-5:00pm in FSB 1006 (Normal classroom)