

ECB 301-2
INTERMEDIATE MICROECONOMICS

Instructor: Jerry Savitsky
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Office Phone: X4349
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Office Hours:

M 11:15 - 12:00
TH 11:15 - 12:00
F 11:15 - 12:00

Class Hours:

M 9:00 - 11:15; 1:15 - 2:45
T 9:00 - 11:15; 1:15 - 2:45
W 9:00 - 11:15; 1:15 - 2:45
TH 9:00 - 11:15; 1:15 - 2:45
F 9:00 - 11:15

You are expected to attend each and every class meeting. Some of the meeting times specified above will be adjusted “downward” and possibly dropped altogether as we move through the course.

Course Description:

Economic theory of choice in a price system. The forces that determine price and production decisions of business firms in competitive and monopolistic markets, and the allocation of resources through these markets. Economic analysis applied to decision-making in government and business firms, and to clarify social issues.

Course Prerequisites:

ECB 102 Microeconomics and junior standing

Course Objectives:

This course has three primary objectives:

- investigate, in detail and in depth, the microeconomics of human behavior, with particular attention paid to the behavior of consumers and producers and their interactions in markets
- develop ability to think in an abstract, analytical manner
- develop problem-solving skills.

Educational Priorities and Outcomes:

This course supports the Educational Priorities and Outcomes of Cornell College with emphasis on **knowledge** (develop insights into how competitive markets and imperfectly competitive markets function) and **reasoning** (employ graphical and mathematical models to facilitate economic analyses; develop analytical skills; develop problem-solving skills.)

Course Text:

Hal Varian, *Intermediate Microeconomics: A Modern Approach* (9th edition)

Readings from the Varian text will be assigned in advance of the class lectures on the material. You are expected to do the assigned readings before the corresponding lectures on the material.

Problem Sets:

There will be five (5) take-home, open-book/open-notes problem sets this term. You will have at least three (3) calendar days to complete each problem set. All late papers will be penalized at the rate of fifty (50) points for **each hour** they are late. No exceptions. No extensions.

Problem Set Schedule:

Problem Set 1 – due at 9:00 AM on Thursday, September 26

Problem Set 2 – due at 9:00 AM on Tuesday, October 1

Problem Set 3 – due by 5:00 PM on Friday, October 4*

Problem Set 4 – due at 9:00 AM on Wednesday, October 16

Problem Set 5 – due at 9:00 AM on Wednesday, October 16.

*Your answers to Problem Set 3 will be submitted (in a sealed envelope) under my office door (don't worry - they'll fit!). Answers to all other problem sets will be submitted in person at the beginning of morning class on the designated dates.

Quizzes:

There will be four (4) in-class, closed-book/closed-notes quizzes this term. These quizzes will cover class lectures and reading assignments from Varian's text. The material to be covered on each quiz will be announced at least one day in advance of the quiz.

There will be **NO** opportunities to make up missed quizzes. If you miss a quiz and you do not have a reasonable and verifiable explanation of your absence, then you will receive a zero (0) for the missed quiz. If you have a reasonable and verifiable explanation of your absence, then you **may** receive an excused absence for the missed quiz, in which case your quiz average will be based on three quizzes instead of four quizzes. You may receive at most one excused absence from a quiz during the term. Please note that excused absences from quizzes are granted at my discretion and **are not automatic**.

Quiz Schedule:

Quiz 1 – 9:00 AM on Friday, September 27

Quiz 2 – 9:00 AM on Monday, September 30

Quiz 3 – 9:00 AM on Friday, October 4

Quiz 4 – 9:00 AM on Monday, October 14.

Course Grades:

Your course grade will be determined by your performance in the following areas:

- (1) problem sets - 65% of the course grade
- (2) quizzes - 35% of the course grade.

Your overall effort and how you respond to the challenges faced in this course may be considered when deciding “borderline” course grades.

Electronic Gizmos and Gadgets:

ALL electronic gizmos and gadgets must be turned off and put away (completely out of sight and out of reach) during class and during quizzes. Those who violate this regulation will be "asked" to leave the classroom for the remainder of the session (including quizzes) and will be penalized 50 problem-set points at the end of the term for each occurrence.

Academic Honesty:

Cornell College expects all members of the Cornell community to act with academic integrity. An important aspect of academic integrity is respecting the work of others. A student is expected to explicitly acknowledge ideas, claims, observations, or data of others, unless generally known. When a piece of work is submitted for credit, a student is asserting that the submission is her or his work unless there is a citation of a specific source. If there is no appropriate acknowledgement of sources, whether intended or not, this may constitute a violation of the College's requirement for honesty in academic work and may be treated as a case of academic dishonesty. The procedures regarding how the College deals with cases of academic dishonesty appear in *The Compass*, our student handbook, under the heading “Academic Policies – Honesty in Academic Work.”

Americans with Disabilities Act (ADA):

Cornell College makes reasonable accommodations for persons with disabilities.

Students should notify the Coordinator of Academic Support and Advising and their course instructor of any disability related accommodations within the first three days of the term for which the accommodations are required, due to the fast pace of the block format. For more information on the documentation required to establish the need for accommodations and the process of requesting the accommodations, see

<http://www.cornellcollege.edu/academic-support-and-advising/disabilities/index.shtml>.

Course Outline:

- I. Demand and Supply Analysis (review) (Varian: chapters 1, 15 and 16)
 - A. Market demand
 - B. Elasticities of demand
 - C. Market supply
 - D. Elasticity of supply
 - E. Market equilibrium
 - F. Comparative statics

- II. Consumer Choice Theory (Varian: chapters 2, 3, 4, 5, 6 and 8)
 - A. Constraints on behavior
 - B. Preferences and utility functions
 - C. Consumer choice
 - D. Consumer responses to changing constraints
 - E. Applications

- III. The Economics of Exchange (Varian: chapters 9 and 32)
 - A. Edgeworth box
 - B. Basis for exchange
 - C. Gains from exchange
 - D. Offer curves
 - E. Exchange equilibrium

- IV. Theory of the Firm (Varian: chapters 19, 20 and 21)
 - A. Production theory
 - 1. short-run (review)
 - 2. long-run
 - B. Cost theory
 - 1. short-run (review)
 - 2. long-run

- V. Market Structures (Varian: chapters 23, 24, 25 and 26)
 - A. Perfect competition (review)
 - B. Monopoly (review)

- VI. Introduction to Strategic Behavior (Varian: chapters 28, 29 and 30)
 - A. Spatial model of competition
 - B. Oligopoly
 - 1. Cournot
 - 2. Stackelberg
 - C. Game theory