

Econ 306: Intermediate Microeconomic Theory & Policy

Summer 2017, Session I

Lectures: Tydings 2108
Tuesday and Thursday 6:00 – 9:25 PM

*“It is not from the benevolence of the
butcher, the brewer, or the baker,
that we expect our dinner, but from
their regard to their own interest.”*

Prateik Dalmia

Office: Tydings 4101D

Office Hours Tuesday and Thursday 4:30 - 5:30

(If possible, please email ahead letting me know that you will be coming to OH)

E-mail: prateikdalmia@gmail.com (Please do NOT contact me via ELMS)

– Adam Smith

Course Description

This course will be one of the foundational courses in your study of economics. Economics is a lens for viewing the world through the incentives of the agents in it. Microeconomics is “micro” because it is the study of the decision making of individual agents – person, household, firm or government. We will begin by studying the behavior and decision making process of consumers, then firms, and finally their interaction in what we will call “equilibrium.” We will be rigorous, uncovering both the power and the limits of the tools of economics. Economic thinking is often counter-intuitive. It is a skill learned rather than inherited. My hope is that you will engross yourself in this course, gaining a better understanding of what is meant by economic thinking and how it can help us better understand the world in which we live.

This course will use algebra and basic calculus. Please review your algebra and calculus if you do not feel fresh on it.

Course Website

All materials for the course will be posted on ELMS (<http://www.elms.umd.edu>).

Prerequisites

Minimum grade of C- in the following courses:

- ECON 200 (Principles of Microeconomics) or AREC 250 (Elements of Agricultural and Resource Economics)

- ECON 201 (Principles of Macroeconomics)
- MATH 220 (Elementary Calculus I) or MATH 140 (Calculus I) or MATH 130 (Calculus I for the Life Sciences)

Textbook

- Nicholson, Walter and Christopher Snyder. Intermediate Microeconomic and its Application. 12th edition. Cengage Learning.
- Amazon Link: <https://www.amazon.com/Intermediate-Microeconomics-Application-CourseMate-2-Semester/dp/1133189024>

The textbook for this course is *required*. You will *not* need the CourseSmart access (often sold together). I will be working from the 12th edition. I will work with students who have the 11th edition to resolve any discrepancies that matter for the purposes of our course. Students who have older editions than the 11th edition must assume responsibility for resolving such discrepancies on their own.

Additional Resources

- In addition to the textbook, I strongly recommend using videos provided on Khan Academy (www.khanacademy.org) when applicable to gain a deeper understanding of the material. In fact, I occasionally use the website's videos to motivate my lectures. Furthermore, for many of you, reviewing calculus early will be beneficial. If this is the case for you, please resource for review consider using the below Khan Academy links.
 - Tutorial on Differential Calculus
www.khanacademy.org/math/differential-calculus
 - Applications "Skill Check" on Optimization
www.khanacademy.org/math/differential-calculus/derivative-applications
- The material covered in the course is by no means unique to the sources provided. I encourage you to use google and Wikipedia for additional help.

Slideshows / Notes

I will use slideshows for some lectures and post them on ELMS. However, in general I am "old school" and believe in using the chalkboard. As such, slideshows will only be very rough outlines of material and should not be relied upon heavily. You should take thorough notes, and if you miss a class you should ask a student with good note-taking skills for a copy of their notes. Please be forthcoming in sharing your notes with classmates in need.

Homework

There will be at least one homework assignment due every week in class. Each homework assignment will be worth the same amount of points. *No late homework will be accepted*. In the event that you cannot make a class, please scan your homework and email it to me *ahead of class* (you can use an app such as "genius scan" to scan the homework with your smartphone).

Exams

You will have one midterm exam and one final exam. ***The midterm exam will be on June, 15th. The final exam will be on July, 6th.*** The final exam will be cumulative, but will focus more on the material in the second half of the course. Calculators are permitted during exams. However, no other electronics (cell phones, tablets, computers, etc.) are permitted during exams.

Rules for Missed Exams

If a student misses an exam due to one of the legitimate causes listed in the undergraduate catalog, the student should let the instructor know ahead of time about the absence. The student must provide documentary support for this absence within one week of the missed exam. The weight that would have been given to the missed exam will be given to the other exam.

Extra Credit

There will be two in-class pop quizzes. These quizzes are graded for extra credit. Each pop-quiz can add up to 1.5% to your final grade.

Grading

Homework 35%

Final Exam 35%

Midterm Exam 30%

Let x be your final percentage score for the class. Your course grade will be calculated as follows.

| | | | | | | | |
|----|----------------------------|----|----------------------|----|----------------------|----|----------------------|
| A+ | $97\% \leq x \leq 104.5\%$ | B+ | $87\% \leq x < 90\%$ | C+ | $77\% \leq x < 80\%$ | D+ | $67\% \leq x < 70\%$ |
| A | $93\% \leq x < 97\%$ | B | $83\% \leq x < 87\%$ | C | $73\% \leq x < 77\%$ | D | $63\% \leq x < 67\%$ |
| A- | $90\% \leq x < 93\%$ | B- | $80\% \leq x < 83\%$ | C- | $70\% \leq x < 73\%$ | D- | $60\% \leq x < 63\%$ |
| | | | | | | F | $x < 60\%$ |

Academic Honesty

The University of Maryland has a nationally recognized Code of Academic Integrity, administered by the Student Honor Council. This Code sets standards for academic integrity at Maryland for all undergraduate and graduate students. As a student you are responsible for upholding these standards for this course. It is very important for you to be aware of the consequences of cheating, fabrication, facilitation, and plagiarism. For more information on the Code of Academic Integrity or the Student Honor Council, please visit <http://www.shc.umd.edu>.

Students With Disabilities

If you have a documented physical or learning disability requires special accommodation for an exam, appropriate accommodations can be made. The deadline for making such arrangements for a particular exam is one week before the exam. One week before the exam, you must provide (1) a written request and (2) documentation from the Disability Support Services Section of the University.

Course Outline

Class 1: Tuesday May 30

- Introduction, math overview, preferences
- Chapter 1 (skim), Chapter 1A and Chapter 2

Class 2: Thursday June 1

- Preferences, budget constraint, optimal choice and individual demand
- Chapter 2

Class 3: Tuesday June 6

- Individual demand, substitution and income effects, elasticity and market demand
- Chapter 3 (skip section 3.4)

Class 4: Thursday June 8

- Market demand, risk/choice over uncertainty, and comparative advantage
- Chapter 3 (skip section 3.4), Chapter 4 (through section 4.2)
- Boudreaux, Donald. Comparative Advantage. The Concise Encyclopedia of Economics. Available at: <http://www.econlib.org/library/Enc/ComparativeAdvantage.html>

Class 5: Tuesday June 13

- Firm production, midterm Review
- Chapter 6

Class 6: Thursday June 15

- Midterm exam, all material covered through Chapter 4.2

Class 7: Tuesday June 20

- Firm production and costs
- Chapter 6, Chapter 7

Class 8: Thursday June 22

- Profit maximization and supply
- Chapter 8

Class 9: Tuesday June 27

- Perfect Competition, Pareto Efficiency
- Chapter 9

Class 10: Thursday June 29

- Monopoly, Final Exam Review
- Chapter 11

Class 11: Thursday July 6

- Final exam, all material covered in course

Fun and Interesting Reading

Here are a few economics related readings that I have particularly enjoyed, and you might enjoy too. This is not required reading, it is just for those looking for a good summer beach read.

- Levitt, Steven and Dubner, Stephen. Freakonomics: A Rogue Economist Explains the Hidden Side of Everything.
- Lewis, Michael. The Big Short.
- Lewis, Michael. The Undoing Project: A Friendship that Changed Our Minds.
- Hayek, F.A. The Use of Knowledge in Society. http://www.kysq.org/docs/Hayek_45.pdf

Blogs/Podcasts/TED talks

A few fun links when you want to procrastinate studying.

- www.marginalrevolution.org
- <http://freakonomics.com/>
- www.econtalk.org
- Why Study Math? Math is Forever. (funny TED talk)
https://www.ted.com/talks/eduardo_saenz_de_cabazon_math_is_forever?language=en