Syllabus:
Intermediate Microeconomic Theory

Econ 3070-001

Fall 2014

Instructor: Alex Kormendi
Office location: ECO 309B
Office hours: M 3:00; F 1:00; or by appointment[1]
Email:[2] alex.kormendi@colorado.edu

TA:
Office location:
Office hours:

Class Meeting: MWF 12:00–12:50 in HLMS 199
Class Website: Desire2Learn
Discussion Website: www.reddit.com/r/CUecon3070/

Course Description

Intermediate Microeconomics at CU builds upon what you have learned in Principals, covering neo-classical economic theory, game theory, graphical analysis in the context of several simple models that approximate real-world economic dynamics, and quantitative optimization using calculus. These subjects and tools are intended to provide a foundation to continue your study of economics, help understand the elements that enter rational "optimal" decision making, and thereby to teach you to make better decisions for yourself and on behalf of clients and employers.

However, the theory, conclusions, and tools taught in core economics across the country should not be taken dogmatically or even literally: the most sophisticated modern economic models (well beyond the scope of this class) explain only *very small amounts* of the variation in behavior observed in real world data, and they perform even worse at prediction. This is partly because not all factors influencing choices are known to the econometrician, but also because the models themselves *are approximations* that do not account for very strong real-world behavioral forces (e.g. love; cultural/social perspective shifts; non-material value; absent-mindedness; etc.). In real life, there are more situations with more issues at play with more nebulous and interactive mechanics than quantitative analysis can possibly capture. Making decisions in most real life situations calls for the use of intuition, innovation, approximation, and other fuzzy semi-logical processes. Cleverly applied, the "morals" we learn in class can be used to improve these day-to-day processes for the benefit of you, others, broader society, the environment, and anything else of importance: costs should be minimized, some are hidden, some are unexpected; value should be maximized, and it

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[1] Appointments only made if you cannot attend scheduled hours and will be held at our mutual convenience.
[2] This is the best way to contact me outside of office hours. Please allow me 24 hours to respond.

takes man forms; risk and uncertaint exist and are costl ; variet is the spice of life; information is fundamental to ever decision; our actions effect others, and their actions effect us; e coexist ith the environment and ever thing it contains; consequences often manifest in future periods; human interaction is a negotiation; our actions send signals to others that broadcast our character and intentions, al a s. If life is making a series of decisions, then life is economics, and living is tactics and strateg : it's important to kno the rules, pla ers, teams, pa outs, and that no one need lose.

The core material and tools ou ill be tested on in this course center around quantitative optimization methods. If ou enter professional fields such as economic/strategic consulting, finance, or an field hich emplo s structural modeling to inform business decisions (most an s stems optimization), then ou ma ultimatel use these tools, or comparativel similar ones, in our dail career, potentiall even building economic models from the ground up hich are idios ncratic to our emplo er's or client's needs.

Prere ui⁻ite⁻

Economics Prerequisites: ECO⃟ 1000 or ECO⃟ 2010
Math Prerequisites: ECO⃟ 1078 & 1088 or M⃟TH 1300 or M⃟TH 1310 or M⃟TH 1081 or M⃟TH 1080 & 1090 & 1100 or ⃟PPM 1350 or equivalent

It is assumed that ever student has a orking kno ledge of basic algebra, calculus, and graphing skills. Relevant math techniques and economic concepts ill be briefl revie ed hen necessar , but ou are responsible for the math and econ requirements of this course.

Re uired Textbook/Material⁻

⃟ Clicker is required, hich ou are to bring to ever class. The are used both to ans er in class questions, and as a form of attendance. (details belo)

The required textbook is *Microeconomics*, b Besanko and Braeutigam, 3rd–5th ed., Wile . Unfortunatel , due to intellectual propert la s and economic forces, hard copies of this book are quite expensive, though some hat less so for older editions. You are not required to purchase a hard cop , and ma use digital copies if ou chose, though please note that using an of the free good qualit digital copies easil findable through major online search engines constitutes a violation of the US's poorl designed cop right la s[3] if ou do not pa the publisher for a license. I recommend revie ing the previous da s notes and reading the relevant chapters in the textbook *before e ch lecture*.

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[3]I am not an enforcer of these laws.

Grading[4]

core	Grade		core	Grade
$93^{\sim}-100^{\sim}$	A		~~$63^{\sim}-66^{\sim}$~~	C
$90^{\sim}-92^{\sim}$	A-			

I ill consider discussions closed for grading 2 eeks after initiall posted, though ou are elcome to continue the conversation after; I ill consider requests to extend an such deadline based on the qualit of the conversation to ensure good arguments and insight are given due credit. All students must submit a reddit user name the plan to use for the duration of the semester. You do not need to make our real name public to the class, onl to me. If ou have an existing reddit account, ou ma use it. You must accumulate 20 points over the course of the semester to receive full credit (10~ of final grade); ou ill never lose points for posting, and a single post can earn as man as 5 points, ho ever grading ill be *very* tough so do not expect to earn 10 points in 4 posts unless our arguments are original, complete, precise, based on sound economic principal, but also insightful be ond the basic predictions of the economic models ou've learned so far. I suggest some combination of the follo ing strategies:

Quantity: Post ever eek, multiple times if ou have more than one thing to add to the conversation; note I ill give 0 points for an post that does not add an thing of substance to the conversation (e.g. gives opinion ith no supporting rationale), uses uncited references, or repeats thoughts given b other classmates.

Quality: Go deep, reall tr to get us to understand our perspective and the reasons ou have for it. Moreover, make sure ou've reall thought through our perspective full before posting to ensure I kno ou've done our home ork.[5] Make sure our arguments are consistent ith "abstract" economic decision making and our understanding of human nature.

hort A͞͞ignment͞

Short assignments are another a for ou to practice and learn the material. These ill be given ithout prior notice and ill either be assigned individuall or as a group. Forming a stud group from the beginning is one of the most effective a s to master the material and stud for exams. Therefore, e ill be forming teams and orking on in-class assignments in these groups several times throughout the semester. The in-class assignments ill feature one or t o questions and ill be graded on a 0 to 5 scale. If ou don't finish the assignment in class it'll be due at the beginning of the follo ing class. Occasionall individuals or teams can volunteer to demonstrate one of the problems from the previous da s in-class assignment for an extra point. Attendance is required to receive credit for in-class assignments and ou ill receive a grade of zero if ou are not present in class to participate in the team assignment. There ill be no a to make-up team assignments if ou miss them, ho ever ou are allo ed to drop our lo est score.

Clicker Que͞tion͞

Approximatel unannounced 12 times throughout the semester I ill ask questions to be ans ered b Clicker. Your grade ill be calculated directl b the number of ans ers ou get right divided b the total number of questions asked throughout the semester. You ma not ork together *for Clicker questions*. Ans ering clicker questions is also ho I ill take attendance: I ill take a headcount of the class to ensure onl those present submit ans ers; questions ill be asked at the beginning of class, so be on time!

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[5] un intended

Attendance

I will use the submission of a clicker answer as your "here" for taking attendance. You are only counted present and answer the clicker question at the beginning of class and stay until the end (unless I approve an explicit request to leave early). Clicker submissions will be paired with a headcount of the class to ensure one "here" per person, so do not submit an answer with an absent person's clicker. If there are more answers than heads, the entire class will lose 1~ of their final semester grade unless the culprit is uncovered[6], in which case the absent individual and the accomplish will both receive a 0 for their semester clicker grade and incur three additional absences. . You are allowed to have three absences without consequence. For each additional absence (4 or more) I will deduct 3~ from your final grade in the course. For example, if you are absent five of the eight clicker questions, your maximum possible grade is a 94~ or said another way if you earned an 85~ in the course, your final grade would be a 79~. Individuals that are present for all clicker questions get a 3~ bonus on your final grade in the course. All adjustments to grades are made after the the final class curve has been set.

Exams

Exams will be comprised of multiple choice and short answer questions. Please bring a #2 pencil and a *non-programmable/-cell phone* calculator to every exam. The second midterm and the final exam are both cumulative to reenforce what you learned at the beginning. The dates are as follows:[7]

Midterm 1: September 24 in class
Midterm 2: October 27 in class
Final: December 15, 10:30–1:00, location TBA (probably still in HLMS 199)

If you have an 96% or higher in the course going into the Final Exam you will not be required to take the final exam and you will receive an A in the course.[8]

Policies

Please note the following policies, some of which are repeated elsewhere in this syllabus:

Lateness: Even on days we do not have clicker questions, do not be late! I reserve the right to deduct from your grade for chronic lateness.
Calculators: no programmable/graphing calculators; you may *not* use your cellphone as a calculator or any time during an exam (or class).
Cell phones: Cellphone use is not permitted in class; if communication is urgent, please leave the classroom even to send a text message.
Computers: you may not use a laptop or tablet in class without requesting permission from me first. Note, they will typically not be helpful for in class activities.
Notes: I will provide slides used in class in advance. Do not waste time replicating them in class; instead, please print these and bring them to class to mark up with whatever additional

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[6] I have both a photo roster and a list of every student whose clicker submitted an answer, so don't expect to get away with it.

[7] I reserve the right to reschedule either midterm at any point until the week it is scheduled.

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Tentative Schedule

Week	Book	Topics	Notes
Aug 25	Ch 1, start Ch 14	Intro, Game Theory	
Sep 1	Ch 14, Ch 3	Consumer Preferences & Utility	No Class Mon!
Sep 8	Ch 3, Ch 4	Consumer Choice	
Sep 15	Ch 4, Ch 15	Risk & Information	
Sep 22	Ch 15, Midterm 1, recap	Demand & Supply Analysis	Midterm: Sep 24
Sep 29	Ch 2, Ch 5	Individual & Market Demand	
Oct 6	Ch 6	Inputs & Production	
Oct 13	Ch 7	Costs & Cost minimization	
Oct 20	Ch 8	Cost curves	
Oct 27	Midterm 2, recap, Ch 9	Competitive Markets	Midterm: Oct 27
Nov 3	Ch 9, Ch 10	Applications of Competitive Theory	
Nov 10	Ch 11	Monopoly	
Nov 17	Ch 11, Ch12	Monopoly & Capturing Surplus	
Nov 24			No Class!
Dec 1	Ch 12, Ch 13	Market Structure	
Dec 8	Ch 13, Final Review		Last Week
FINAL EXAM: Dec 15, 10:30–1:00			

Other Stuff

Students with disabilities If you qualify for accommodations because of a disability, please sub-

name. I ill gladl honor our request to address ou b an alternate name or gender pronoun. Please advise me of this preference earl in the semester so that I ma make appropriate changes to m records. See policies at http:// .colorado.edu/policies/classbehavior.html and at http:// .colorado.edu/studentaffairs/judicialaffairs/code.html#student_cod

Honor Code Please see m cheating polic above.

All students of the Universit of Colorado at Boulder are responsible for kno ing and adhering to the academic integrit polic of this institution. Violations of this polic ma include: cheating, plagiarism, aid of academic dishonest , fabrication, l ing, briber , and threatening behavior. All incidents of academic misconduct shall be reported to the Honor Code Council (honor@colorado.edu; 303-725-2273). Students ho are found to be in violation of the academic integrit polic ill be subject to both academic sanctions from the facult member and non-academic sanctions (including but not limited to universit probation, suspension, or expulsion). Other information on the Honor Code can be found at http:// .colorado.edu/policies/honor.html and at http:// .colorado.edu/academics/honorcode/

Di˜crimination & Hara˜˜ment Policy An thing short of radical consent has the potential to