IAS 106: Intermediate Microeconomic Theory

UC Berkeley – Summer, 2017 (Session A)

Course Syllabus

1 General Information

1.1 Instructor

Andrew Stevens
e-mail: `stevens@berkeley.edu`
office: 233 Giannini Hall*
***not the location of office hours**

Office Hours
M/Th   4:00 – 4:50 p.m.,
234 Giannini Hall
<u>No office hours</u>: May 22, 29; June 1, 19, 29

1.2 Schedule

Lecture

- M/Tu/W/Th/F   5:10 – 7:00 p.m., 175 Barrows Hall

Midterm Exam #1

- Tuesday June 6, in class

Midterm Exam #2

- Friday June 16, in class

Final Exam

- Friday June 30, in class

2 Course Description

This course is designed as a comprehensive overview of intermediate microeconomic theory. It covers a number of topics including consumer and demand theory, firm, production and cost theory, the theory of competitive markets, imperfect competition, welfare economics, choice under uncertainty, a tiny bit of game theory, asymmetric information, and externalities/public goods. All analyses conducted in this course rely on graphical and/or algebraic techniques. Economics 1 or an equivalent course is a prerequisite.

3 Learning Objectives

The following is a list of learning objectives for this course. These objectives describe what you should gain over the course of the term. These objectives also guide the development of class learning activities and student assessments.

By the end of this course, you should be able to...

- fundamentally understand (1) that individuals pick a bundle (set of goods) to make themselves as well-off as possible, and (2) that firms maximize profits by minimizing the cost of production using different combinations of inputs

- apply mathematical and graphical techniques to derive how prices are determined in a market

- characterize various market failures, explaining how they affect different economic agents and how the government can intervene and attempt to correct these failures

- articulate how information affects market outcomes

- create or adapt simple mathematical models to describe particular situations

- apply insights from microeconomic theory to analyze real-world examples and current events

4 Grading

Your final grade will be determined by daily homework assignments, two midterm exams, and a cumulative final exam. Letter grades will be assigned at the end of the semester on a curve. Problem sets will be graded on completion and will not be accepted late under any circumstances.

<u>Do not miss exams.</u> Make-up exams will not be offered except in extraordinary and documented circumstances. If you have an unavoidable conflict with an exam, you must arrange with me to take the exam *ahead of time*. If you have a conflict with the final exam, you must notify me in writing by June 1, 2017.

Grading Breakdown:

- Final Exam: 40%

- Midterm Exams: 40% (2 at 20% each)

- Homework assignments: 20% (20 at 1% each)

  - I will assign 21 homework assignments over the course of the term, meaning you can miss one and still get full points for the homework portion of your grade. There is no bonus for completing all 21 assignments.

5 Course Policies

5.1 Attendance

You are not graded on attendance. However, you must turn in each day's homework assignment to receive credit for it, so your grade will suffer if you miss class. Additionally, attending lectures is the single best way to improve your performance in this course. Come to lecture. Every day.

5.2 Tardiness

Do not arrive to class late. We only have six weeks and every minute of every lecture counts. Each time a student arrives late, that student disrupts lecture for everyone else. No one is perfect, and everyone arrives to class a little late once in a while. I understand. But if your tardiness becomes a recurring issue, we will need to have a conversation.

5.3 Electronic Devices

I do not allow cell phones, laptops, tablets, or any other electronic devices to be used during lecture. If you have one out, I will ask you to put it away. Besides, you *want* to take hand-written notes in this class; we will be drawing lots of graphs.

5.4 Readings

The most important source of material for this class is my lectures. In addition, there are two textbook options to complement your own lecture notes:

- *Microeconomics* by Jeffrey M. Perloff (7th edition preferred, any edition after 2nd acceptable)

- *Microeconomics* by Robert S. Pindyck and Daniel L. Rubinfeld (8th edition preferred, any edition after 3rd acceptable)

Please procure one of these texts or make use of library course reserves. I will highlight the relevant sections in both books that complement each lecture's material. You should be reading the assigned readings in advance of lecture. Copies of each textbook are available as Course Reserves at Moffitt Undergraduate Library.

5.5 Exams

I will share copies of old exams and official answer keys one week prior to each exam. I will provide everything you need for each exam except for a pen or pencil and a ruler or straightedge (optional). No calculators, electronic devices, notes, or other materials are allowed. You do not need to provide a Blue Book, and I will provide scratch paper.

5.6   Academic Integrity

Academic dishonesty is a serious issue. As a student, you are responsible for abiding by the UC Berkeley Code of Conduct (`http://sa.berkeley.edu/code-of-conduct`). Cheating, plagiarism, and other forms of academic dishonesty are unacceptable.

If you have any questions about what constitutes academic dishonesty, ask me. There are serious consequences for breaking the Code of Conduct. If you are found cheating on a quiz or exam, you will automatically earn a zero for that exam. Additionally, the incident will be referred to the Center for Student Conduct for review and possible disciplinary action.

5.7   Religious Accommodations

In accordance with University policy, exams and assignments may be rescheduled for students whose religious creed prevents them from participating in these activities at the normal time. If this policy is relevant to you, please speak with me immediately to request a religious accommodation. Such accommodations are unavailable when requested at the last minute.

5.8   Accommodations for Students with Disabilities

If you have been issued a letter of accommodation from the Disabled Students Program (DSP), please inform me as soon as possible to work out the necessary arrangements. If you believe you need an accommodation and have not yet seen a Disability Specialist at the DSP, please do so as soon as possible. DSP accommodation requests should be made at the *beginning* of the term, and may not be able to be granted if requested at the last minute.

5.9   Illness

If you are ill, please refrain from attending lecture until you are feeling better. I would much rather you get and stay healthy (and keep your classmates healthy) than prolong and spread an illness. If you are sick, please e-mail me as soon as possible. We can work on a strategy to keep you "on track" in this course. If you have serious symptoms (high fever, etc.), please stay home and call the Tang center at (510) 643-7177.

6 Course Schedule

Readings from the Perloff text (7th edition) will be denoted with a "P," and readings from the Pindyck & Rubinfeld text (8th edition) will be denoted with a "PR." An asterisk (*) next to a date denotes that a homework assignment will be collected in class. A dagger (†) next to a date denotes that I will hold office hours that day from 4:00 – 4:50 p.m. in 234 Giannini Hall.

Consumer Theory

- M, May 22 – Introduction, preferences
  P: 1, 2, 4.1; PR: 1, 2, 3.1

- Tu, May 23* – Indifference curves, utility, and marginal rate of substitution
  P: 4.2; PR: 3.5

- W, May 24* – Budget constraints, constrained choice
  P: 4.3-4.4; PR: 3.2-3.3

- Th, May 25*† – Applying consumer theory
  P: 5.1-5.3; PR: 4.1-4.2

- F, May 26* – Consumer theory, labor supply
  P: 5.5; PR: 14.1, second half

- M, May 29 – University Holiday: NO CLASS

- Tu, May 30 – NO CLASS

- W, May 31 – NO CLASS

- Th, June 1 – NO CLASS

- F, June 2 – Review of the first week's material (dependent on my flight being on time)

- M, June 5*† – Labor supply, review for midterm
  No new readings, but review P: 5.5; PR: 14.1, second half

- Tu, June 6* – MIDTERM EXAM #1, in class

Producer Theory

- W, June 7 – Theory of the firm, short-run production
  P: 6.1-6.3; PR: 6.1-6.2

- Th, June 8*† – Long-run production
  P: 6.4-6.6; PR: 6.3-6.4

- F, June 9* – Costs of production, part 1
  P: 7.1-7.3; PR: 7.1-7.3

- M, June 12*† – Costs of production, part 2
  P: 7.4, 9.6; PR: 7.4-7.5, 9.6

- Tu, June 13* – Profit maximization, short-run competition
  P: 8.1-8.3; PR: 8.1-8.6

- W, June 14* – Long-run competition
  P: 8.4, 9.1; PR: 8.7-8.8

- Th, June 15*† – Producer and consumer surplus
  P: 9.2-9.3; PR: 9.1

- F, June 16* – MIDTERM EXAM #2, in class

Microeconomic Extensions

- M, June 19 – Welfare analysis
  P: 9.5-9.7; PR: 9.2-9.6

- Tu, June 20* – Monopoly
  P: 11.1-11.4; PR: 10.1-10.4

- W, June 21* – Price discrimination
  P: 12.1-12.5; PR: 11.1-11.2, 11.4

- Th, June 22*† – Oligopoly
  P: 13.1-13.5; PR: 12.2-12.3

- F, June 23* – Game theory
  P: 14.1-14.3; PR: 12.4-12.5, 13.1-13.6

- M, June 26*† – Choice under uncertainty
  P: 17.1-17.2; PR: 5.1-5.2

- Tu, June 27* – Externalities and public goods
  P: 18.1-18.6; PR: 18.1-18.7

- W, June 28* – Asymmetric information
  P: 19.1-19.3; PR: 17.1

- Th, June 29 – Review session

- F, June 30* – FINAL EXAM, in class

7   Study Groups

Forming peer study groups can be a good way to work on assignments and prepare for exams. It can be difficult to form study groups in a class where you don't know anyone. Feel free to use the space below to gather some contact information from other students in class today if you like.

Name: _____

e-mail/phone: _____

Name: _____

e-mail/phone: _____

Name: _____

e-mail/phone: _____

Name: _____

e-mail/phone: _____

Name: _____

e-mail/phone: _____