

ECON 410-002
Intermediate Microeconomic Theory
SUMMER SESSION I (2013)

Instructor: Sam Flanders

Time and Location: MoTuWeThFr 9.45 am-11.15 am, Gardner Hall 309

Email: sflander@email.unc.edu

Office Hours: Th 11.30-1.30 pm, Phillips Annex 202

Class Website: sflanders.web.unc.edu

Course Description and Goals

Microeconomic theory studies the decision-making process at an individual level. In this course, we will study and model the behavior of individuals, firms and their interactions with each other by using math. The course is divided into three sections: consumer theory, producer theory, and game theory. Some questions that each of these sections answer are the following:

1) Consumer Theory: What is the best way for a college student with a weekly income of \$100 to split consumption between pizza and going to the movies?

2) Producer Theory: How do firms decide to hire workers? What wage should they pay?

3) Game Theory: Consider two individuals who are deciding whether or not to cooperate with each other or to act alone. Why is it that they might *not* cooperate, even though it is in their best interests to do so?

The main goal is for you to learn how to model real-life situations by using quantitative techniques. Throughout the course, you will be exposed to basic concepts in microeconomic theory. At the end of the class, you will hopefully come to realize that the economic way of thinking is applicable to many issues in the world.

Prerequisites

ECON 101; MATH 231 or STOR 113

Required Text

“**Intermediate Microeconomics – The Science of Choice**” by Jeremy Petranka. You may obtain a paperback version of this textbook at either the student bookstore on www.lulu.com. You can also purchase the eBook version on this text on www.lulu.com if you prefer.

Class Communication

I will post all class materials on the class website (address above). I will email you with any announcements regarding the class.

Grading and Grade Policy

Your final grade (of 100 %) is broken down in the following manner:

Homework	15%
Class Participation	5%
Midterms	50%
Final	30%

The rough grading scale will be as follows: 90% and above for an A, 80% and above for a B, 70% and above for a C, 60% and above for a D, etc. While these cutoffs can and may be moved downwards, relying on a curve is a very risky strategy.

Homework

There will be one homework each week. The homework for the week will be handed out on the first day of the week and will be due at the beginning of class on Friday. Each homework is worth 3% of your grade. **Late homework will not be accepted.** You may miss up to one homework and have its weight (3%) added to your final (33% rather than 30%). Homework will be generally be graded less strictly than exams, so you're advised not to miss a homework unless it is impossible for you to turn it in on time.

Class Participation

You are expected to participate in class discussions. This includes contributing your answer to questions raised in class. You will, of course, not be penalized for any wrong answers you give.

Midterms

There will be two midterms, each worth 25% of your grade. The first midterm is scheduled for 5/31 and the second midterm will be on 6/12. In the event that you miss one midterm, the weight for that midterm will be put on the final (i.e. your final will then be worth 55% of your grade). Note that you may miss both a midterm and a homework and have the weight of both added to your final. **If you wish to pass, please do not miss both midterms. If you do, the second will count as a zero, so your maximum possible grade will be 75% (55% from the final, 15% from homework, and 5% from class participation).**

Final

The final will be cumulative. It is scheduled for 6/17 from 8 - 11 am.

Class Attendance

Attendance is not required but you are strongly encouraged to attend class. I would also like to point out that due to the fast pace of summer classes, missing even one class is detrimental to your learning (note that 2 days in a summer class is an entire week in the normal academic calendar schedule).

UNC Honor Code

Our behavior (yours and mine) in this class is governed by the UNC Honor Code. If you do not yet understand your responsibilities under this code, I urge you to go to <http://honor.unc.edu> to learn more. I take the Honor Code very seriously.

Course Outline

Week 1: 5/14 - 5/17

- HW 1 will be distributed on Tuesday (5/14) and will be due Friday (5/17)
- Topics to be covered: Introduction, Math Review, Preferences (Ch. 1-3)

Week 2: 5/20 - 5/24

- HW 2 will be distributed on Monday (5/20) and will be due Friday (5/24)
- Topics to be covered: Utility, Constrained Optimization, Demand (Ch. 4-6)

Week 3: 5/28 - 5/31

- Monday (5/27) is a holiday.
- HW 3 will be distributed on Tuesday (5/28) and will be due Friday (5/31)
- Midterm 1 is on Friday (5/31)
- Topics to be covered: Production (Ch. 8)

Week 4: 6/3 - 6/7

- HW 4 will be distributed on Monday (6/3) and will be due Friday (6/7)
- Topics to be covered: Cost Minimization, Profit Maximization (Ch. 9 - 10)

Week 5: 6/10 - 6/14

- HW 5 will be distributed on Monday (6/10) and will be due Friday (6/14)
- Midterm 2 is on Wednesday (6/12)
- Topics to be covered: Game Theory (Ch. 11-13)

Final Exam is scheduled for Monday (6/17)