

# Economics 410

## Intermediate Theory: Price and Distribution

### Summer 2020

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<b>Instructor:</b>	Andrew deJong
<b>Email:</b>	adejong@live.unc.edu
<b>Class Meeting:</b>	Monday-Friday 11:30am-1:00pm
<b>Classroom:</b>	<a href="https://unc.zoom.us/j/91988397347">https://unc.zoom.us/j/91988397347</a> Password: econ4lyfe
<b>Office Hours:</b>	Tuesday – Thursday 1:00-2:00pm <a href="https://unc.zoom.us/j/575937719">https://unc.zoom.us/j/575937719</a>
<b>Office:</b>	401 Gardner Hall
<b>Prerequisite:</b>	ECON 101, and one of MATH 152, 231, STOR 112, or 113
<b>Website:</b>	<a href="http://sakai.unc.edu">http://sakai.unc.edu</a>

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## 1. Course Description

The purpose of this course is to explore the foundations of Microeconomic theory, focusing on the behaviors of consumers, producers, and the interaction of these agents in the marketplace. The organization of markets and its implications for firm behavior and market equilibrium are also examined. This course is divided into the following three topics:

1. *Consumer theory*: How households make decisions in the face of scarcity and how these decisions vary in response to changes in the economic environment.
2. *Firm theory*: How firms make decisions in the face of scarcity and how these decisions vary in response to changes in the economic environment.
3. *The organization of markets*: How perfectly competitive, monopolistic, monopolistically competitive, and oligopolistic markets are organized and the outcomes of these markets.

The principles covered in this course are building blocks. These building blocks can and will be used in elective courses to analyze many specialized topics. This material cannot be learned passively. A major goal of this course is to teach you to "think" in a manner beyond fact recall. Active thinking and problem solving are essential. *Microeconomic theory is a tool learned best by use!*

## 2. Class Expectations

The rule of thumb in college is that you study for at least 2 hours outside of class for each hour you spend in class, so you should spend a *minimum* of 15 hours per week studying for ECON410. It is highly unlikely that studying "a lot" the week before the exam will make up for not studying enough in the weeks preceding the exam! Most ECON410 students realize that this just doesn't work in economics or with the way in which I teach and test.

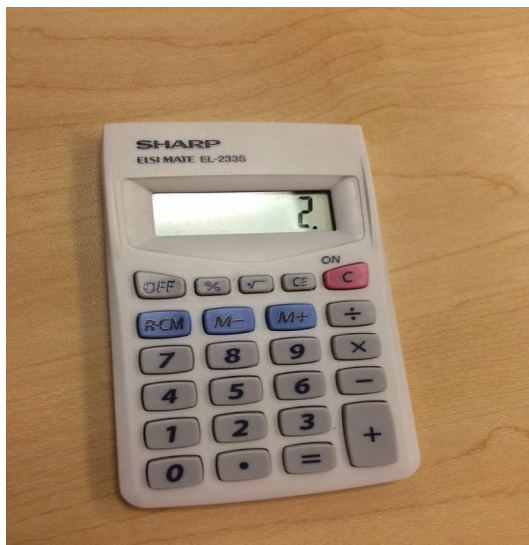
### 3. Resources

#### Textbook

The recommended textbook is *Microeconomics* by David Besanko and Ronald Braeutigam. **You do NOT have to purchase the most recent version of this textbook.** You might find additional or alternative textbooks helpful in their treatment of the subject matter and the availability of extra problems. If you would like to check-out or purchase a different textbook, most any "Intermediate Microeconomics" textbook will have similar content, and older editions will likely be just as useful as newer additions. In addition, there are a variety of books on 2-hour reserve in the library.

#### Calculator

Only a very basic, non-programmable calculator is permitted during exams. If your calculator does not look like the two examples pictured below, it must be approved by me at least 7 days before an exam. *The calculator must obviously appear to be basic and non-programmable.* **NO EXCEPTIONS** will be permitted.



#### PowerPoint Slides

PowerPoint slides will be posted on Sakai *before* the material on the slides is covered in class. During class, I will not talk at a pace that allows you time to copy all the material on these slides. Thus, I strongly recommend that you print out (or copy by hand) these slides in advance. Further note that I will cover material in class that is not on these slides. Therefore, you should not view these slides as a substitute for note taking.

## 4. Grades

The actual letter grade you earn in this course will be based on a grading scale to be finalized *after* the final exam. I will provide feedback over the semester on how to interpret your scores so that you know how you are progressing in the course. Your grade will consist of 4 components. **Please note there is and will be no extra credit.**

Component	%	Description
Attendance/Quizzes Participation	5%	Attending class is imperative! Must be engaged and participate.
Homework Assignments	20%	Your homework grade will be calculated as the average of your 7 highest homework scores.
Midterms	40%	The higher of the two midterm grades will comprise 25% of your course average, and the lower of the two midterm grades will comprise 15% of your course average.
Final	35%	The final is a cumulative exam consisting of only multiple choice and true/false questions.

A	$x \geq 95\%$
A-	$90 \leq x < 95$
B+	$85 \leq x < 90$
B	$80 \leq x < 85$
B-	$75 \leq x < 80$
C+	$70 \leq x < 75$
C	$65 \leq x < 70$
C-	$60 \leq x < 65$
D+	$50 \leq x < 60$
D	$40 \leq x < 50$
F	$x < 40$

### Homework Assignments

There will be 7 graded homework assignments. Homework will be submitted and graded through *Gradescope*. More specific instructions will be provided with each homework assignment. You are responsible for ensuring that your homework is properly submitted and clearly legible. Any part that cannot be read will be assigned a zero. Assignments will be due by 11:30am on the due date. There will be a 5% late penalty applied to all submissions received between 11:30am and 12pm, and a 20% late penalty applied to all submissions received between 12pm and 5:00pm. No submissions will be accepted after 5:00pm. At 5:05pm on the day an assignment is due, an answer key will be posted on Sakai.

## Midterm/Final Exam Policies

There will be no makeup or early exams given for any reason whatsoever. If you miss a midterm and present me with a valid and documented excuse *in advance*, your one midterm will comprise 35% of your grade and your final exam will comprise 40% of your grade. Valid reasons include a documented medical illness that prevents you from taking the exam, a death in your immediate family, or a documented mandatory court date. If you miss a midterm without a valid and documented excuse in advance you will receive a 0 for that exam.

Each midterm is exactly 1 hour and 30 minutes. To ensure that each student has the same amount of time, this cutoff is strict. You must close your exam and put your pencil down when the time has expired. If you are observed writing on or looking at your Midterm after the time limit has passed, you will receive a 10 percentage point penalty for each occurrence.

## Regrade Requests

All regrade requests must be made within 1 week of the date the assignment's grade is posted. There will be no exceptions to this rule except in extraordinary circumstances.

## Course Schedule

Class	Class date	Topic and Reading Assignment	Homework
Class 1	Monday 6/22	Introduction and Math Review (Math Appendix)	HW 1 assigned
Class 2	Tuesday 6/23	Consumer Theory: Budget Constraints (Chapter 4.1)	
Class 3	Wednesday 6/24	Consumer Theory: Preferences and Utility (Chapter 3.1-3.3); Math quiz	HW 1 due
Class 4	Thursday 6/25	Consumer Theory: Preferences and Utility (Chapter 3.1-3.3)	HW 2 assigned
Class 5	Friday 6/26	Consumer Theory: Constrained Utility Max (Chapter 4.2 and Appendix 1)	
Class 6	Monday 6/29	Consumer Theory: Constrained Utility Max (Chapter 4.2 and Appendix 1)	
Class 7	Tuesday 6/30	Consumer Theory: Demand (Chapter 5.1)	HW 2 due, HW 3 assigned
Class 8	Wednesday 7/1	Consumer Theory: Elasticity (Chapter 2.2-2.3)	
Class 9	Thursday 7/2	Consumer Theory: Income and Substitution Effects (Chapter 5.2)	
	Friday 7/3	Independence Day: No Class	HW 3 due
Class 10	Monday 7/6	Midterm 1	
Class 11	Tuesday 7/7	Firm Theory: Production (Chapter 6.1-6.3)	HW 4 assigned
Class 12	Wednesday 7/8	Firm Theory: Production (Chapter 6.5)	
Class 13	Thursday 7/9	Firm Theory: Cost (Chapter 7)	
Class 14	Friday 7/10	Firm Theory: Cost (Chapter 7)	HW 4 due, HW 5 assigned
Class 15	Monday 7/13	Firm Theory: Cost Minimization (Chapter 7, 8.1-8.2)	
Class 16	Tuesday 7/14	Firm Theory: Cost Minimization (Chapter 7, 8.1-8.2)	HW 5 due, HW 6 assigned
Class 17	Wednesday 7/15	Organization of Markets: Profit Maximization (Chapter 9.2)	
Class 18	Thursday 7/16	Organization of Markets: Perfect Competition (Chapter 9.1 and 9.3)	
Class 19	Friday 7/17	Organization of Markets: Perfect Competition (Chapter 9.1 and 9.3)	HW 6 due
Class 20	Monday 7/20	Midterm 2	
Class 21	Tuesday 7/21	Market Structure: Monopoly (Chapter 11.1-11.2)	HW 7 assigned
Class 22	Wednesday 7/22	Market Structure: Monopoly (Chapter 11.1-11.2)	
Class 23	Thursday 7/23	Game Theory	HW 7 due
Class 24	Friday 7/24	Reading Day	
Class 25	Monday 7/27	Final Exam	

## *Frequently Asked Questions*

### **"I bubbled in the wrong answers on my Midterm/Final scantron. Can I get partial credit?"**

No. Unfortunately, to ensure fairness and remove subjectivity we have to be strict on scantron grading. The answers on your scantron are the answers on which your grade is based, regardless of what is written on the test itself.

### **"My scantron score was lower than I expected. Could you check to see if the scantron machine graded it incorrectly?"**

Email me directly, and I will manually grade your scantron. Make sure to include your name, section, and onyen. Please note scantron grading issues are *very* rare. (I have literally never seen one.)

### **"Is there extra credit?"**

No. The reason I do not offer extra credit is that if everyone knows about it, it's not really extra credit. It's just another assignment. If some people don't know about it (for instance, if a specific student asks for extra credit at the end of the semester), then I'm treating my students differently, which I make every attempt to avoid.

### **"I got an 89.8. Is there anything I can do to raise my grade?"**

I completely empathize with this question, as I understand how frustrating it is to be close to the cutoff for a particular grade. Unfortunately, however, the answer is no. The reason is twofold. First, I believe selective extra credit leads to an inequality in how I treat different students, which I make every attempt to avoid. Second, with a class of this size, if I move the grade scale down by even 0.1, I am sure to have moved the cutoff up against another student. This once again introduces an element of inequality, as I was willing to move the scale for one student, but not the new student for whom the cutoff now applies.

### **"I don't understand why I did poorly on the exam. I knew the information."**

A major goal of this course is to teach you to think in a manner beyond fact recall, a manner that reflects a higher order level of thinking. Understanding both the material from class and solutions to the homework problems is only a *first step* in mastering the course material! I want you to strive for a higher order level of learning. How can you achieve this?

- Read the *Study Tips* document posted on Sakai under *Resources* in the *Administration* folder and adopt the recommended strategies.
- Read the *Help Sheets* and watch the videos posted on Sakai.
- Create your own help sheets for concepts on which help sheets have not been provided.
- Discuss concepts, seek feedback and work problems with your classmates and a graduate TA each week during recitations.
- Come to class prepared! At least skim the relevant material before lecture so you have a general idea of the big picture and some familiarity with the terms and concepts and review your notes from the previous class.
- Do the practice problems from the textbook. (Trust me- they are important and often show up on exams.)
- Ask for help when you need it! I am passionate about helping you master the material in ECON410. Please come see me during office hours or set up an appointment to discuss this further at any time.