

ECON 326: INTERMEDIATE MICROECONOMIC ANALYSIS

Fall 2015

Professor Melissa S. Kearney
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Office hours: Tuesday 11-12:30

Course Description: This course focuses on economic decision-making by individual buyers and sellers and the resulting market outcomes (supply and demand). There is an emphasis on theoretical rigor. The efficient properties of perfect competition are examined, along with a consideration of uncertainty, asymmetric information market power, externalities, and asymmetric information. The emphasis on analytics will prepare students to address a wide-range of issues in public economics, labor economics, industrial organization, environmental economics, education economics, development economics, and more.

Prerequisite: ECON300 with a grade of 'C' (2.0) or better. This class is for ECON majors only. (Parallel course for non-majors is Econ 306).

Class Meetings: Tues & Thurs 2-2:50 TYD 0117, plus Friday recitations.

Recitations: Friday sessions led by Teaching Assistants

Section 0203, Friday 11am-11:50am, KEY 0125
Section 0202, Friday 12pm-12:50pm, KEY 0125
Section 0205, Friday 1pm-1:50pm, JMZ 0125

Attendance at the Friday recitation sessions is strongly encouraged. These sessions will include practice problems, review of problem sets, presentation of supplementary material, and detailed presentation of difficult material introduced in the lectures.

Teaching Assistants:

Ozlem Tonguc Tonguc@econ.umd.edu OFFICE: 3115N OFFICE HOURS: Wed 3:30-5:30 pm	Sai Luo luo@econ.umd.edu OFFICE: 3115N OFFICE HOURS: Fri 2-4 pm
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Textbook: *Microeconomics, 8/E*, by Robert Pindyck and Daniel Rubinfeld.

- Textbook website: <http://www.pearsonhighered.com/pindyck/>.

- Note that used and softbound copies of this book might be available on-line for a lower price. In addition, the 7th edition of this textbook may be available at a lower cost from alternative book providers. Students can learn the core theoretical material from either edition; examples, problems, and extensions differ across editions. Students will not be penalized for choosing the 7th edition, but

it will be the burden of the student to find the chapter and pages in the 7th edition that corresponds to the assigned reading from the 8th edition.

Requirements and Grading:

- Four problem sets (20% of course grade)
 - Problem sets will be graded on a 3-point scale based on final answers as well as thoughtfulness and effort. Detailed problem set solutions will be provided.
 - Problem sets will be posted to the course website. Completed problem sets will be collected in class on the day they are due; you may put them in your TA's mailbox in the economics department office on the 3rd floor in Tydings Hall by 5 pm on the day they are due. Problem sets will not be accepted over e-mail; late problem sets will not be accepted.
 - Collaborative work on problem sets is encouraged; but outright copying will be considered cheating. All students must turn in individual problem sets.
- Midterm Exam (30% of course grade)
- Final Exam (50% of course grade)
 - Make-up Exam Policy: All students are required to attend both the midterm and final exams. Make-up exams will be granted only to those students whose excuse complies with University policy. If you believe you are eligible to take a make-up exam, please inform the professor and provide the appropriate documentation as soon as possible. The four valid excuses according to University policy are medical conditions, religious observances, participation in University events at the request of University authorities, and compelling circumstances beyond your control. Religious observances and participation in University events should be documented well in advance. Make-up exam requests must be directed to the professor.
 - Exam Regrade Policy: If, after going over your exam and the exam solutions, you believe some of your solutions were more correct than originally judged to be, you may submit, in writing, an exam regrade request. Your regrade request must specify which solutions(s) you believe were not graded appropriately and a substantive explanation for why you believe your solutions are more correct than originally judged. Your entire exam is subject to regrade. Exam regrade requests are due no later than 14 calendar days after exams are returned to the class (note that this deadline applies even if you are not present in class the day graded exams are returned.)

Academic Integrity: The University of Maryland, College Park has a nationally recognized Code of Academic Integrity, administered by the Student Honor Council. This Code sets standards applicable to all undergraduate students, and you are responsible for upholding these standards as you complete assignments and take exams in this course. See www.studenthonorcouncil.umd.edu.

Course Website: Please use your directory ID and password to access www.elms.umd.edu. Relevant documents and announcements will be posted on the course website. It is expected that you will check that course website every week.

The University has adopted email as the primary means of communication outside the classroom, and I will use it to inform you of important announcements. Students are responsible for updating their current email address via the appropriate link on <http://www.testudo.umd.edu/Registrar.html>. Failure to check email, errors in forwarding email, and returned email due to “mailbox full” or “user unknown” will not excuse a student from missing announcements or deadlines.

Accommodations: Students with disabilities who require special accommodations must get in touch with the instructor within the first three weeks of class.

Course Outline

(Note that this is tentative; weeks are subject to change per instructor's notice)

CONSUMER THEORY

Class meeting	Date	Topic	
1	9/1	Introduction to course Basics of Supply and Demand (P&R Ch 1 & Ch 2.1-2.3)	
2	9/3	Consumer preferences (P&R Ch 3.1)	
<i>Recitation</i>	<i>9/4</i>	<i>Review of calculus</i>	
3	9/8	Budget Constraints (P&R Ch 3.2)	
4	9/10	Consumer choice and utility maximization, with calculus (P&R Ch 3.3-3.5, Ch 4 appendix)	
<i>Recitation</i>	<i>9/11</i>	<i>Mathematical optimization – Lagrange Multiplier method</i>	
5	9/15	Consumer demand (P&R Ch 4.1)	
6	9/17	Income and Substitution effects (P&R Ch 4.2-4.4)	
<i>Recitation</i>	<i>9/18</i>	<i>Practice problems</i>	
7	9/22	Market Demand (P&R Ch 4.3)	* Pset 1 due Thurs 9/24
8	9/24	Applications of consumer theory to labor supply (P&R Ch 14.1)	
<i>Recitation</i>	<i>9/25</i>	<i>Review problem set 1 Review of elasticities</i>	

9	9/29	Choice under Uncertainty (P&R Ch 5.1-5.3)
10	10/1	Intro to Behavioral Economics (P&R Ch 5.6)
<i>Recitation</i>	<i>10/2</i>	<i>Review material, practice problems</i>
11	10/6	[TBD]

PRODUCER THEORY

12	10/8	Describing production (P&R Ch 6)
<i>Recitation</i>	<i>10/9</i>	<i>Review material, practice problems</i>
13	10/13	More on production (P&R Ch 6)
14	10/15	Describing costs in the short-run (P&R Ch 7.1, 7.2)
<i>Recitation</i>	<i>Rec 10/16</i>	<i>- Review problem set 2 - Mid-term review</i>

* Pset 2 due
Tues 10/13

MID-TERM 10/20 ** MID-TERM EXAM **

15	10/22	Describing costs in the long-run (P&R Ch 7.3, 7.4)
<i>Recitation</i>	<i>Rec 10/23</i>	<i>- Review mid-term solutions - A mathematical treatment of production and cost theory (P&R Ch 7 appendix)</i>
16	10/27	Cost minimization (P&R Ch 7.4, Ch 7 appendix)
17	10/29	Firm behavior in the short-run (P&R Ch 8.1-8.6)
<i>Recitation</i>	<i>Rec 10/30</i>	<i>Review material, practice problems</i>

18 11/3 Firm behavior in the long-run
(P&R Ch 8.7-8.8)

MARKET STRUCTURES AND IMPERFECTIONS

19 11/5 Introduction to the analysis of competitive markets
(P&R Ch 9.1-9.3)

<i>Recitation</i>	11/6	<i>New material: Price controls, quotas, and tariffs</i> (P&R Ch 9.4 & 9.5)	
20, 21	11/10, 11/12	Monopolies (P&R Ch 10.1-10.4, 10.7)	
<i>Recitation</i>	11/13	<i>Review material, practice problems</i>	
22	11/17	Monopoly pricing, monopsony (P&R Ch 10.5, 10.6, 11.1, 11.2)	* Pset 3 due Tues 11/17
23	11/19	Monopolistic competition and Oligopoly (P&R Ch 12.1, 12.4)	
<i>Recitation</i>	11/20	- <i>New Material: Games of Strategy</i> (P&R Ch 13.1-13.4) - <i>Review of problem set 3 solutions</i>	
24 & 25	11/24, 12/1	Models of Oligopoly (P&R, Ch 12.2, 12.3)	
	11/26 & 11/27	<i>Happy Thanksgiving!</i>	
26	12/3	Markets with Asymmetric information (P&R Ch 17.1-17.4)	
<i>Recitation</i>	12/4	<i>New material: Investment, time, and capital markets</i> (P&R Ch 15 – selections)	
27 & 28	12/8, 12/10	Externalities and Public Goods (P&R Ch 18)	* Pset 4 due Tues 12/8
<i>Recitation</i>	12/11	<i>Review problem set 4</i> <i>Final exam review</i>	

FINAL EXAM during exam week, per university scheduling