KENT STATE UNIVERSITY
DEPARTMENT OF ECONOMICS
ECON 32040: INTERMEDIATE MICROECONOMICS
SPRING 2018

Instructor:	Emmanuel Dechenaux	**Class time:**	Monday & Wednesday
Office:	474 Business Bldg.		5:30-6:45pm
E-mail:	edechena@kent.edu	**Room:**	224 Bowman
Phone:	330-672-1106	**Office hours:**	Monday, 1:00-2:30pm
Blackboard:	https://learn.kent.edu		Tuesday, 10:00am-12:00pm
			Wednesday, 1:00-2:30pm

Course Description

- The purpose of this course is the study of individual decision-making and of the market as an economic institution. Microeconomic theory provides the framework required for a rigorous analysis of how individual consumers and producers make decisions, how competition takes place via the market and how the market allocates resources.

- Students are expected to develop a precise understanding of consumer theory, decision-making under uncertainty, producer theory, perfect competition, the monopoly model (including price discrimination) and game theory, at the level of depth presented in class and in the textbook. The discussion of oligopoly models is meant to help the students bridge the gap between perfect competition and monopoly. If time allows, we will discuss externalities and public goods as important sources of market failure.

- Although the focus will be on theory, articulated using basic algebra and a fair amount of graphical analysis, numerous examples and applications will be presented. Prior knowledge of basic calculus is useful, but it is not required.

Learning Outcomes

Students will

1. understand the models of consumer and producer choice using graphs and algebra (or calculus or both),

2. know how to predict outcomes in a market using a model appropriate for that market's structure (perfectly competitive, monopoly, oligopoly),

3. understand the causes and consequences of market failure,

4. understand how to analyze strategic interactions between economic agents using basic game-theoretic tools.

Prerequisites

Econ 22060 (Principles of Microeconomics) & Econ 22061 (Principles of Macroeconomics)

Textbook and Readings

The textbook is *Microeconomics and Behavior* by Robert H. Frank (McGraw Hill, 7th or 8th ed.).

While much of the material for the course is covered in the Frank textbook, the textbook will be more of a **general reference than a resource we will tightly follow**. In particular, I will introduce additional examples of applications (different from the ones presented in the textbook). In class I will often use Powerpoint slides. I use slides because it can be time consuming to systematically write all definitions and basic graphs on the whiteboard. Without the slides, these definitions and basic graphs would also use up a lot of board space. However note that the slides will often contain a small fraction of the material. The rest will be presented using the whiteboard or the tablet computer. I may also post or hand out news articles related to a particular topic. Unless otherwise mentioned, you are required to read all such articles.

Keeping up with the (micro-)economic news is strongly encouraged. National newspapers such as the *New York Times*, *Wall Street Journal*, *The Economist*, etc. are a great place to start. Of course, there are also a number of podcasts and blogs that tend to focus on micro topics and deliver highly relevant and insightful content: Planet Money (podcast), Freakonomics (website & radio), The Undercover Economist, the Upshot (section of the NY Times), Cheap Talk, Marginal Revolution, etc.

Exams and Homework

Your grade in the course is based on your performance on two midterm exams, one final and six or seven homework assignments (see important note below). The number of points available for the course are as follows:

	Points	**Weight**
Homework assignments	105 points (15 points each)	25%
Exam 1	100 points	24%
Exam 2	100 points	24%
Final	115 points	27%
Total	420 points	100%

There will be 7 homework assignments over the course of the semester. Homework assignments will be **handed out in class and are due before class starts a week later**. An assignment that is turned in at the end of class on the due date will be considered late. I will provide more information about the format of the homework assignments during the first week of classes.

Important note: Your lowest homework score will be dropped if this improves your course grade (in which case the weights will differ slightly from those in the table). At the end of the semester, to determine your overall course grade I will calculate your best possible score for the class, with or without your lowest homework score.

Make up exams are only given to students with a valid, university-defined excuse, which they must present in advance. Poor preparation is not a valid excuse (see the University Policy regarding make-up exams).

Indicative grading scale

I use the +/- system.

A	$\geq 93\%$	A-	90%-92%		
B+	88%-89%	B	80%-87%	B-	78%-79%
C+	76%-77%	C	69%-75%	C-	67%-68%
D+	65%-66%	D	55%-64%		
F	$< 55\%$				

Important dates

Exam 1	Wednesday, February 21 (subject to change)
Exam 2	Wednesday, April 4 (subject to change)
Final	Monday, May 7 (5:45-8:00 p.m.)

Course withdrawal deadline	Sunday, March 25
Spring Break	March 26-April 1

Topics Covered

Important notes: (a) The schedule below is tentative and subject to some slight changes as we go along (depending on speed of coverage). (b) Textbook chapters are provided for your reference. Typically, you will not be responsible for the entire textbook chapter. (c) Homework assignments are handed out in class on the date below (subject to slight changes, announced in class) and are due at the beginning of class one week later.

Date	Topic	Chapter	Homework
Jan.			
17	1. Basic Principles	Chapter 1	
22	1. Calculus tools	Not in textbook 1	HW1 handed out
24	2. Supply & Demand	Chapter 2	
29	2. Supply & Demand: Government intervention	Chapter 2: Appendix	HW2 handed out
31	3. Consumer choice: Intro & Budget constraint	Chapter 3	
Feb.			
5	3. Consumer choice: Preferences	Chapter 3	
7	3. Utility maximization	Chapter 3	HW3 handed out
12	4. Substitution and Income effects	Chapter 4	
14	4. Consumer choice: Policy applications	Chapter 5	
19	5. Demand, elasticity, consumer surplus	Chapters 4 & 5	
21	- **Exam 1**		
26	6. Information problems in markets	Chapter 6	
28	7. Risk aversion	Chapter 6	
Mar.			
5	8. Risk aversion/Search for high wages	Chapter 6: Appendix	HW4 handed out
7	9. Technology & Cost curves	Chapters 9 & 10	
12	9. Technology & Cost curves	Chapters 9 & 10	
14	10. Profit maximization	Chapter 11	
19	10. Short run perfect competition	Chapter 11	HW5 handed out
21	10. Long run perfect competition	Chapter 11	

26	- **Spring break**		
28	- **Spring break**		
Apr.			
2	10. Perfect competition (wrap up)	Chapter 11	
4	- **Exam 2**		
9	11. Monopoly	Chapter 12	
11	11. Price discrimination	Chapter 12	HW6 handed out
16	11. Price discrimination	Chapter 12	
18	12. Oligopoly	Chapter 13	HW7 handed out
23	12. Oligopoly	Chapter 13	
25	13. Game Theory	Chapters 13	
30	13. Game Theory & Behavioral	Chapters 13 & 7	
May			
2	- Market failures/Wrap up		
7	**Final (5:45 - 8:00 p.m. in 224 Bowman)**		

Other important information

A. Students attending this course who do not have the proper prerequisite(s) risk being deregistered from the class.

B. Students have the responsibility to ensure they are properly enrolled in classes. You are advised to review your official class schedule (using Student Tools on FlashLine) during the first week of the semester to ensure you are properly enrolled in this class and section. Sunday, January 21, 2018 is the last day to add a full term class, change sections of a class, or elect audit, pass/fail or credit hour options. If registration errors are not corrected by this date and you continue to attend and participate in classes for which you are not officially enrolled, you are advised now that you will not receive a grade at the conclusion of the semester for any class in which you are not properly registered. Sunday, January 28, 2018 is the last day to drop a full term class before a "W" is assigned.

C. Academic honesty: Cheating means to misrepresent the source, nature, or other conditions of your academic work (e.g., tests, papers, projects, assignments) so as to get undeserved credit. In addition, it is considered to be cheating when one cooperates with someone else in any such misrepresentation. The use of the intellectual property of others without giving them appropriate credit is a serious academic offense. It is the University's policy that cheating or plagiarism result in receiving a failing grade for either the work or the course. Repeat offenses result in dismissal from the University.

D. For Spring 2018, the course withdrawal deadline is Sunday, March 25, 2018.

E. University policy 3-01.3 requires that students with disabilities be provided reasonable accommodations to ensure their equal access to course content. If you have a documented disability and require accommodations, please contact the instructor at the beginning of the semester to make arrangements for necessary classroom adjustments. Please note, you must first verify your eligibility for these accommodations through Student Accessibility Services (contact 330-672-3391 or visit http://www.kent.edu/sas for more information on registration procedures).

F. If you are eligible to graduate, it is your responsibility to apply for graduation before the set deadline (**May Graduation**: Apply before September 15th, **August Graduation**: Apply before December 15th, **December Graduation: Apply before March 15th**). If you apply after the deadline you will be assessed a $200 late fee. Please see your academic advisor as soon as possible if you are uncertain as to your progress toward graduation. To apply for graduation complete the following steps: Log onto your Flashline account (1) Click on the Student Tools tab (2) Look in the Graduation/Commencement Box (3) Click on Apply for Graduation and carefully read the instructions.