

Economics 410 — Sections 1 and 2
Intermediate Microeconomics
Spring 2011

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Office Hours	Monday, 10:00–11:00 am Jan 10 – Feb 28 (and by appointment)	Monday, 2:00–4:00 pm March 1 – April 28 (and by appointment)

Where: We will meet in GEC 1015 on Tuesdays and Thursdays. Section 001 will meet from 2:00–3:15 pm and Section 002 will meet from 3:30–4:45 pm.

Why? Intermediate Microeconomics, is the study of individual decision making and the implications of this decision making for social phenomena. The course develops the basic analytical tools used by economists to study economic decisions and market behavior. These analytical tools are used to examine the behavior of consumers and firms, competitive markets, imperfectly competitive markets, and market failures. Applications include the economics of insurance, education, health care, pollution, and taxation.

In contrast to many Introductory Economics courses, Intermediate Economics shifts the focus from learning facts about economics to learning techniques for examining economic questions. We will introduce and discuss these techniques in this course. The homework problem will include applications that go beyond what we have done in class, and the exams will push the techniques yet further. We expect you to develop greater independence in applying the techniques as the class proceeds. By the end you should be comfortable with a collection of analytical techniques that you can apply in more advanced economics courses and in answering economic questions more generally.

Prerequisites: We assume that you are familiar with basic calculus, and can differentiate simple functions.

Textbook: *Microeconomics: Theory and Applications with Calculus*, 2nd ed, Jeffrey Perloff, Pearson. The text is required for this course. You may purchase the hardcover or eBook edition.

Exams and Important Dates: We will have three midterms which will be administered in class. The midterms will be on:

Exam	Date
Midterm 1	Tuesday, February 1, 2011
Midterm 2	Thursday, March 3, 2011
Midterm 3	Tuesday, April 5, 2011
Final Exam (Section 1)	Saturday, April 30, 4:00 pm
Final Exam (Section 2)	Thursday, May 5, 4:00 pm

Other important dates:

Monday, January 24, 2011 Last day to reduce course load and have tuition adjusted.

Monday, March 14, 2011 Last day for Undergraduate Students to drop courses.

Absenteeism from exams will be unacceptable except under the most extreme circumstances and in such cases the instructor must be notified *before* the exam. ***There will not be any makeup exams.*** If you miss an exam, we will use your scores on the other exams to determine your grade.

Grading: Grades will be based on your performance on the mdterms and Finall exam. The Final exam is worth 40% of your grade, while your ***best two midterm grades*** will each count for 30% of the grade.

Scores in each exam will be curved. Typically, the median student can expect a B, with the top 25% of the class getting an A, the next 40% getting a B (in various flavours), the next 25% getting a C, and some students getting a D or an F. Students in the bottom 10% of the class can earn (some flavour of) a C if their performance warrants it.

Homeworks will be assigned, but these will not be graded. Nevertheless, to achieve mastery of the material, you will need to be diligent with these homeworks. You should also attempt the problems at the end of each chapter. There will be recitation sessions and (non-graded) practice homeworks. You must work through these to master the material.

Recitations: Recitations will discuss homeworks and the ideas introduced in class. You may only attend the recitation section that you are registered for.

Teaching Assistants: Your Teaching Assistants (TAs) will be assigned by recitation section. They are your first point of contact. In particular, when you have a question about the class material or an administrative issue, you should first approach the TA whose recitation session you attend. You ***must*** meet with or receive help from your TA before coming to Professors Krishna or McManus.

Attendance: Attendance is not mandatory, but you are responsible for any material that you miss. You may not attend a section other than the one you are registered for.

Be Kind: As a courtesy to us and you to your fellow classmates, please do not use laptops, notebooks, netbooks, or other PDAs in class. They are very distracting, and can negatively impact the educational experience. In case of an emergency, please leave the room as quietly as possible.

Course Content

1. Introduction (Prof Krishna)
 - (a) Preliminaries (1 and Mathematical Appendix A1-A6)
 - (b) Basic Notions of Demand and Supply (2.1-2.4)
 - (c) Elasticity and Applications (2.5-2.8)
2. Consumer Theory (Prof Krishna)
 - (a) Preferences and Utility Functions (3.1, 3.2)
 - (b) Budget Constraints (3.3)
 - (c) Optimal Choice (3.4)
 - (d) Demand Functions (4.1-4.4)
 - (e) Income and Substitution Effects (4.3)
 - (f) Consumer Welfare (5.1-5.3)
 - (g) Applications (5.4-5.5)
3. Producer Theory (Prof Krishna)
 - (a) Production Functions (6.1-6.4)
4. Costs (Prof Krishna)
 - (a) Costs and Basic Problems (7.1-7.5)
 - (b) Returns to Scale and Technological Progress (6.5-6.6)
5. Competition (Prof McManus)
 - (a) Competitive firms and markets (8.1-8.4)
 - (b) Competition: extensions and applications (9.1-9.5, 10.1)
6. Market power (Prof McManus)
 - (a) Monopoly (11.1-11.7)
 - (b) Pricing strategies (12.1-12.5)
7. Strategic interaction (Prof McManus)
 - (a) Game theory (13.1-13.3)
 - (b) Oligopoly markets (14.1-14.7)
8. Additional topics (coverage will depend on time available) (Prof McManus)
 - (a) Externalities and public goods (17.1-17.7)
 - (b) Asymmetric information (18.1-18.5)
 - (c) Contracts (19.1-19.2)