Economics 80A
INTERMEDIATE MICROECONOMICS
SUMMER 2006

Course Description: The goal of this course is to introduce students to the methods of microeconomic analysis and thus to develop a sound understanding of microeconomic analysis and reasoning. The primary objective of this course is to study consumer and producer behavior and analyze their interactions in the market system. We will approach them from three dimensions: intuition, math, and graphs.

Two themes involved in this course are: economic decisions and economic institutions. In the first half of the course, we will study how various economic agents make their choices, and the implications of these choices for the overall allocation of resources for the society. Then we will study various market imperfections and their consequences for welfare. We will also cover some other applications of microeconomic theory during the course although time constraint will not allow us to deal with these topics adequately. But it is hoped that having gained proficiency in these tools, will help you in other advanced economics courses that you take. Knowledge of calculus through partial differentiation is required.

Pre-requisites: ECON 8b, MATH 10a (or equivalent). In addition, I will expect you to know basic microeconomics concepts from Econ 2A. We will mostly be using graphs, algebra and also calculus. There will be mathematical proofs that you will need to work through.

Course Meeting Times: Mondays-Tuesdays-Thursdays 1:55 p.m. – 4:55 p.m.


The assigned readings in this course have been selected to provide a balance of principles, tools, and applications; they are detailed in the course syllabus. The textbook for this course is available for purchase at the Brandeis Bookstore. You will also be required to purchase access to the “Apila” website: http://apila.com (Directions for gaining access to Apila are given at the end of the syllabus.) Several on-line assignments will be used from this site. You will be expected to have read the required material before class. Doing so will make the lectures more profitable.

In addition to these readings, you should keep informed about current economic issues by reading The Wall Street Journal or the business section of The New York Times on a regular basis. Magazines such as Business Week or The Economist will also be useful for this purpose.
Course Requirements and Grading Policy: Participation in lectures, the completion of course assignments, quizzes, one midterm, and a final exam. The quizzes and exams will be closed book, closed note. Grading in the course will be as follows:

1. Assignments (10% of the grade)—No formal problem sets will be distributed in class. However, suggested practice questions will be announced. The practice questions provide you with the opportunity to work through the concepts presented in the lectures and readings. I strongly encourage you to work in groups on the problem sets. Working through problems with your classmates—teaching and learning from each other—is the best way to master the course material.

The problem sets will not be graded but you would get credits if you turned it in. Completed problem sets are due in class. Late problem sets will NOT be accepted.

2. Participation and Apila assignments (10% of grade)—There will be several Apila assignments given that you will be required to do on-line. Class participation is strongly encouraged.

3. Quizzes (10% of grade)—We will have un-announced quizzes at the beginning of the class sometimes. The purpose of the quizzes is to keep you on track with the course. Quiz questions will be based on lecture notes and assignments.

4. Midterm exam (30% of grade)—The midterm exam will test your understanding of the material covered in lectures 1 through 5. The tentative date on the midterm exam is June 22nd (Thursday).

5. Final exam (40% of grade)—The final exam will cover the rest of the materials and will be held on the last day of lecture, July 6th (Thursday). Although the final exam will not be cumulative, you still need to apply theories and tools that you have learned in the first half of the course. The exams will be based on the textbooks, lecture notes, assigned readings, problem sets, and quizzes. NO make-up exams.

Academic Honesty: You are expected to be honest in all of your academic work. Potential sanctions include failure in the course and suspension from the university. If you have any questions about my expectations, please ask.

Disability Information: If you are a student with a documented disability at Brandeis University and if you wish to request a reasonable accommodation for this class please see me immediately. Please keep in mind that accommodations are not provided retroactively.

WebCT: Lecture notes, problem sets solutions and other relevant materials will be posted on WebCT for your convenience.
COURSE OUTLINE

Lecture 1  Introduction to the course and introduction to supply and demand. The cost and benefit approach. Supply and demand curves. Determinants of demand and supply and demand. Concept of equilibrium. Adjustment to equilibrium.

Read: Frank, Chapters 1, 2, and appendix 2.

Lecture 2  Introduction to consumer behavior. Opportunity cost. Preferences and utility. The consumer’s problem. (Constrained optimization techniques.)

Read: Franck, Chapter 3 and appendix 3.


Read: Frank, Chapter 4, 5, and appendix 4.


Read: Frank, Chapter 6 (pp. 198-208).


Read: Frank, Chapter 9, and appendix 9.

Lecture 5  Cost theory. Costs concepts: fixed, variable, and sunk; total average, and marginal cost in the short run and long run. Accounting cost vs. economic cost.

Read: Frank, Chapter 10, and appendix 10.


Read: Frank, Chapter 11.

Lecture 7  Monopoly. Sources of monopoly. The monopolist problem. Price
discrimination. Public policy toward natural monopoly.

Read: Frank, Chapter 12.

Lecture 8  Review for midterm

Midterm Exam


Read: Frank, Chapter 13.

Lecture 10  Market for factor inputs. What determines supply and demand for factor inputs (labor and capital)?

Read: Frank, Chapters 14, 15.


Read: Frank, Chapter 16.

Lecture ?  Externalities and public goods.

Read: Franck, Chapters 17 (pp.614-620, 639-640), 18 (pp. 648).

Lecture 12  Review for final

July 4th, Study day for the final exam.

Final Exam
How to Get to Apila

Your course key is: W6AL-MSUA-STK7
Course Fee: $28.00 USD

How to Use Aplia

Step 1: Register for Your Aplia Course

First Time Aplia Users:

1. Connect to http://econ.aplia.com
2. On the Sign In page, click the Go button next to "Test Your System Configuration"; this takes just a few seconds and provides detailed information on how to update your system if necessary
3. Head back to the Sign In page and click the "Register Here" link
4. Fill out the form and click Continue
5. Enter Your Course Key (above)

Returning Aplia Users:

1. Connect to http://econ.aplia.com and sign in using your usual e-mail and password
2. Enter your course key (above)

Problems with registration or sign in? You can always e-mail Aplia by clicking on the "Help" link in the upper-right corner of any page or by e-mailing support@aplia.com.

Step 2: Pay for Your Aplia Course (You have until 06.15.06 to pay)

- Instructions on the Aplia website walk you through the payment process.

- You can pay online with credit, debit, or electronic check. Aplia also accepts money orders mailed to: Aplia, Inc., 959 Skyway Rd, Suite 325, San Carlos, CA 94070.

Grace period for payment: You may register and use the website until 06.15.06 without paying the fee. If you are considering dropping this course during the drop/add period, do not make a payment until you decide to stay in the course. You need to pay the full amount before the end of the grace period to continue using the site.

Aplia assignments: Most assignments come in pairs of practice problem sets and graded problem sets. Practice problem sets give you immediate feedback and an explanation of the correct answer. They do not count toward your homework grade. Use them to check your understanding of the material. If you feel confident about the material, you can go
directly to the graded set and refer to the practice set only if you want some help.

The graded problem sets have a firm due date. You can change your answers as many times as you like before the due date passes. Once the due date passes, Aplia records your grade and you can no longer change your answers or complete the assignment. In other words, Aplia assignments must be done by the due date. The software does not understand excuses. Do your assignments early to keep last minute emergencies from getting in your way. After the due date, Aplia displays the correct answers and explanations for graded problems.

**Student benefits of Aplia:** Cramming is an ineffective learning method. Aplia lets you learn by doing -- you can apply what you hear and see in the classroom and what you read in the text. Think of the regular assignments on Aplia as a weekly economics workout. Regular work in Aplia will better prepare you for lectures and exams.

**Refund Policy:** You are entitled to a refund if you submit a refund request to Aplia during the original grace period for payment. The grace period for your course expires on 06.15.06. No refunds will be granted after this date. Requests for refunds must be submitted by email or letter and received by Aplia within the stipulated time period. Contact support@aplia.com or write to Aplia, Inc., 959 Skyway Rd, Suite 325, San Carlos, CA 94070 USA, to request a refund.

**Disclaimer:** I receive no monetary benefit from requiring Aplia assignments.