

Intermediate Micro Economics**Instructor:** Professor Roger Congleton**Website:** RDC1.net

Office: 405 B&E

Office Hours: Wednesdays and Fridays 2:00-3:30, and by appointment

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Required Text:*Microeconomics: Theory and Applications*, E. K. Browning and M. A. Zupan, Wiley.

Grades:	2 Exams	100%
	Homework - extra credit	3%

Extra credit for extraordinary class participation (up to 2% bonus)

Intermediate Micro is a lecture based course that focuses on the core tools of undergraduate economics. It can be thought of as a course on the geometry of economics or on the logical implication of rational choice. Although the main focus of the course is theory, applications to a wide range of choice and policy settings are used to illustrate the relevance of the tools developed in class. The course is divided in to four parts, (1) the logic of net-benefit maximizing choice, (2) market structure, (3) elementary game theory, and (4) tradeoffs: two-dimensional theories of consumer and firm decisionmaking.

The goal of the course is to provide the student with a thorough understanding of the core neoclassical tools, and of their power to illuminate a variety of public policy and day-to-day issues.

The course is "lecture driven" in that essentially all relevant material is covered in class and is available on the class website.

TENTATIVE COURSE OUTLINE

<u>Dates</u>	<u>Topics</u>	<u>Readings</u>
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I. The Core Models of Micro Economics

1/9	Introduction to Micro Economics	BK: 1
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A Brief Look at Economic History. Models as a Method of Explanation and Prediction. Methodological Individualism: Rational Choice as a modeling device. Rational choice as net benefit maximization. Scarcity and optimization. (What does rational choice mean?) Normative and Positive Economics (1 lectures)

1/14	Demand and Supply from a Net Benefit Maximizing Perspective	BK: 2, 4, 8
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The Net Benefit maximizing model and the competitive theory of demand and supply, consumer surplus and profit. (4 lectures)

2/28 Competitive Markets as and Ideal Type BK: 6, 9, 10

Market Efficiency. Supply and demand in the short and long run. Assumptions for pure competitive results. The meaning of entry and exit. The difference between Ricadian and Marshallian Long run equilibria. (1 lecture)

2/4 Applications of the Competitive Model BK: 6, 9, 10

Price Controls and Dead Weight Losses in the Short and Long Run. (Why are minimum wage laws so popular?) Taxes and Dead Weight Losses in the Short and Long Run. (4 lectures)

2/18 Discussion and Review for the First Exam Study Guide I

2/20 FIRST EXAMINATION

2 /25 Exams Returned and Reviewed

II. Applications and Extensions

2/27 Market Structure and Market Outcomes BK: 11, 12,13

Monopoly and Price discrimination, Monopolistic Competition, AntiTrust Policy, some famous cases. (3 lectures)

3/18 Introduction to Game Theory BK: 14

The classic prisoner's dilemma. Competitive markets again in game theory format. Is a dilemma always a dilemma? Cournot duopoly, Team Production, the principal agent problem: between owners and managers. (4 lectures).

4/1 Tradeoffs: Two Dimensional Models of Choice BK: 3, 4, 6.1, 7

Utility functions, Indifference Curves and Budget Constraints. Production functions, Isoquants, and Production. Allocating budgets, income and substitution effects. Deciding how to produce goods and services. Deeper foundation for Demand and Supply. Robinson Alone, The Edgeworth Box. (5 lectures)

4/17 Entrepreneurship Notes/Links

Knight, Schumpeter, Kirzner, and Congleton.

4/24 Overview of Course and Review for Final Exam Study Guide II

4/30 FINAL EXAMINATION (3:00-5:00)

If you are a student with a disability and you need academic accommodations, please see me and contact the disability Resource Center