

Econ 361
Intermediate Microeconomic Analysis
Macalester College
Spring 2012

Course Homepage: <http://www.macalester.edu/~wests/econ361>

Professor: Sarah West	
Office Hours: Monday 9:00-11:00, Tuesday 1:40 to 3:00, and by appointment	
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Course Description and Objectives:

In microeconomics, we study how individual economic units make choices. We pose these kinds of questions: How does a consumer decide what and how much to purchase? If wages increase, will an employee work more or fewer hours? What is the lowest price at which the owner of a textile factory will continue to produce shoes? If faced with a significant increase in the minimum wage, will McDonald's replace cashiers with self-serve checkouts? Does Walmart engage in predatory pricing? Do airlines collude to set price? What is the efficient amount of pollution? How many resources should a government devote to public radio? How do farmers in developing countries decide the mix of inputs used in production? Will giving aid money to one parent versus another have different effects on their child's health?

To generate hypotheses related to these and other microeconomic questions, we will use calculus-based economic theory. In specific, we will derive models of constrained choice that enable us to examine the fundamental tradeoffs faced by individuals when making economic decisions.

Prerequisites:

Economics 119 (Principles), one approved Economics 200-level course, and Math 135 or Math 237.

Text (required):

Microeconomics, seventh edition, by Robert S. Pindyck and Daniel L. Rubinfeld (Upper Saddle River, NJ: Pearson Education, Inc., 2009). **ISBN: 978-0-13-208023-1**. The text is available at the bookstore and online from numerous vendors.

The textbook's companion Website (<http://www.prenhall.com/pindyck>) offers a number of exercises, activities, and resources.

Occasionally, I may require supplemental readings. These will be handed out in class, posted on the course homepage, or sent via email.

Course Policies and Tips for Success:

The class itinerary is included in this syllabus. Please note exam dates and assignment due dates now. You may **reschedule an exam only** if you have a conflicting religious holiday. You must make arrangements to reschedule at least one week before the scheduled exam time.

The only excuses for a **missed exam** are verifiable medical emergencies or absences for those students who represent the College in college-sponsored activities as specified in Macalester's *Class Attendance and Absences Policy*.¹ In the event of an excused missed exam, the average of the other exam grades will serve as the grade of the missed exam. I do not accept late homework, late papers, or homework handed in electronically. All assignments are due at the beginning of the class period.

A substantial amount of exam content will be presented only in class. I urge you to work together on your homework, but each of you must write up your own assignment. Read actively and write down questions. Rewrite your notes after class on the same day. Visit me often to make sure that you are clear on ideas presented in class. Check your email regularly; I often send updates and readings electronically.

Turn off your cell phone before coming to class. Laptop use is prohibited except for specific in-class exercises.

Academic Honesty:

Cheating on exams, using another's homework solutions, or failure to acknowledge the contributions of others' work to your own are serious offenses. Cheating or failure to properly reference sources will result in a grade of **F** for the exam or assignment and may result in a failing grade for the course. All cheating and plagiarism will be reported to the Dean of Academic Programs. For additional information on academic honesty, please consult the *Student Handbook* and the MAX Center Academic Honesty sheet available on the course homepage. If you remain in doubt about what constitutes cheating or plagiarism, you must consult with me.

Grading:

The course grade is composed of:

Homework:	18% (9 at 2% each)
Two Midterm Exams:	50% (25% each)
Final Exam (Cumulative):	32%

¹ <http://www.macalester.edu/studentaffairs/studenthandbook/academicpolicies/attendanceandabsences.html>

Tentative Course Schedule (Subject to Change)

Date	Topic	Due	Readings
Jan. 23	Introduction		1
25	Supply and Demand		2
27	Supply and Demand		2.6
30	Consumer Behavior: Preferences		3
Feb. 1	Consumer Behavior: Constraints and Choice	HW1	3
3	Cost-of-Living Indexes		3.6
6	Demand		4
8	Demand		4
10	Consumer Choice: Calculus	HW2	Appendix, Chap. 4
13	Consumer Choice: Calculus		Appendix, Chap. 4
15	Uncertainty		5
17	Uncertainty		5
20	Review	HW3	
22	Exam 1		
24	Production: Technology (1 variable input)		6
27	Production: Technology (1 variable input)		6
29	Production: Technology (2 variable inputs)	HW4	6
March 2	Production: Technology (2 variable inputs)		6
5	Production: Costs		7
7	Production: Costs		7
9	Production: Calculus	HW5	Appendix, Chap. 7
12-16	Spring Break: No class		
19	Profit Maximization		8
21	Competitive Supply		8
23	Review	HW6	
26	Exam 2		
March 28	Monopoly, Monopsony		10
30	Price Discrimination		11
April 2	Price Discrimination		11
4	Monopolistic Competition		12
6	Oligopoly: Cournot, Stackelberg	HW7	12
9	Oligopoly: Bertrand, Game Theory		12, 13
11	Game Theory		13
13	Input Markets		14
16	Honors Defense Day: Homework Points		
18	Investment Decisions	HW8	15
20	General Equilibrium, Efficiency, Equity		16
23	General Equilibrium, Efficiency, Equity		16
25	Market Failure: Health Care		17.1, 17.3
27	Market Failure: Health Care		9.1, 18.1
30	Summary, Review	HW9	

Final Exam: Thursday May 3, 4:00-6:00 PM