

KANSAS STATE UNIVERSITY
Department of Economics

INTERMEDIATE MICROECONOMICS
Fall 2005

Economics 520
T, Th 8:05/9:30
WA 348

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PURPOSE OF COURSE

This course is designed to develop the basic concepts and techniques of Microeconomic theory and its applications. Considerable emphasis will be placed on problem solving and the application of Microeconomic theory to selected public policy issues.

READINGS

The required textbook for this course is *Microeconomics* by Robert Pindyck and Daniel Rubinfeld (Prentice Hall, 2005: Sixth Edition). You are responsible for the pages assigned regardless of whether they are covered specifically in class.

One goal of this course is to help you understand and analyze current economic issues in the news. Frequent reference to articles from the *Wall Street Journal* will be made during the course of the semester. You might want to consider subscribing to the *Wall Street Journal*, but you are not required to do so. Other items of relevance in the news will be used to facilitate classroom discussion.

COURSE REQUIREMENTS

There will be four examinations in this course, three mid-term examinations and a final examination. The three highest scores obtained on the four examinations will be used in computing your final grade. Each of these examinations counts for 25% of your total grade. In addition, there will be two take-home problems that account for the remaining 25% of your grade. Regular attendance at all lectures is highly recommended. Lecture material not specifically covered in the text may appear on the examinations.

PROBLEM SETS

There will be four problem sets assigned throughout the term. You may access these problem sets on my website. Solutions to all problem sets will be provided. The problem sets are not graded and therefore you will not turn them in. The problem sets are designed to give you practice in working the types of problems you will likely encounter on the examinations. Hence, working through the problem sets carefully will increase the likelihood of superior performance on the examinations.

TEACHING PHILOSOPHY

I believe that students should be held to stringent standards of performance and that course grades should accurately and fairly reflect that performance. You should expect to devote considerable time outside of the classroom to reading the assigned material and working through problems. If you are unwilling or unable to commit to this level of effort, you are strongly encouraged to reevaluate the merits of enrolling in this particular class. Within these parameters, however, my goal is to make this course both interesting and challenging while helping you develop a set of tools that will be of significant benefit to you in your respective careers. As a final comment, you are forewarned that I used the Socratic method—teaching by asking rather than by telling. This means that you should be prepared to answer questions on material that should have been reviewed prior to class.

OFFICE HOURS

Tuesday and Thursday 11:00-12:30 and by appointment.

COURSE OUTLINE

The following is an outline of the major topics that will be covered in this course, along with the associated readings in the textbook by Pindyck and Rubinfeld (P&R).

1. Overview and Introduction to Microeconomics.

P & R, Chapter 1. (Self Study)

2. Review of Important Mathematical Concepts.

3. Demand and Supply.

A. Elasticity of Demand and Supply.

B. Equilibrium and Disequilibrium.

C. Rationing and Government Intervention.

P & R, Chapter 2, Chapter 4 (pp. 123-127).

4. Theory of Consumer and Market Demand.

A. Utility Maximization and Budget Constraints.

B. Income and Substitution Effects.

C. Derivation of Demand Curves.

P & R, Chapters 3 - 4.

5. Theory of the Firm.

- A. Profit-Maximization.
- B. Optimal Production Decisions.
- C. Derivation of Cost Functions.

P & R, Chapters 6 - 8.

6. Perfect Competition.

P & R, Chapter 9.

7. Monopoly and Oligopoly.

P & R, Chapters 10 - 12.

8. Factor Demands.

- A. Perfect Competition.
- B. Imperfect Competition.
- C. The Role of Labor Unions.

P & R, Chapter 14.

9. Externalities and Public Goods.

P & R, Chapter 18.

10. Review.

ACADEMIC HONESTY AND INTEGRITY

Kansas State University initiated an Honor System based on personal integrity, which is presumed to be a sufficient assurance that, in academic matters, one's work is performed honestly and without unauthorized assistance. Undergraduate and graduate students, when they register, acknowledge the jurisdiction of the K-State Honor System. The policies and procedures of the Honor System apply to all full and part-time students enrolled in undergraduate and graduate courses on-campus, off-campus, as well as on-line. A component vital to the Honor System is the inclusion of the Honor Pledge, which applies to all assignments, examinations, and other course work undertaken by students.

"On my honor, as a student, I have neither given nor received unauthorized aid on this academic work."

Additional information on the Honor System may be found at <http://www.ksu.edu/honor/>.

FIVE STEPS TO ENHANCING YOUR PERFORMANCE

- I. READ ASSIGNED MATERIAL BEFORE THE CLASS LECTURE.
 - A. Work Assigned Problems.
 - B. Identify Prospective Questions/Unclear Concepts.
 - C. Use Chapter Reviews As A Guide To Important Material.
- II. ATTEND LECTURES.
 - A. Take Copious Notes: Attempt To Pose/Answer Questions In Notes.
 - B. Understand The Logical Structure Of The Economic Arguments.
 - C. This Is A Class In Economic Analysis, Not Memorization.
- III. RE-READ ASSIGNED MATERIAL — IDENTIFY OUTSTANDING QUESTIONS.
 - A. See Me During Office Hours Or Set Up An Appointment.
 - B. Raise Questions In Class.
 - C. Do Not Let Questions Go Unanswered.
- IV. LEARNING ECONOMICS IS NOT A SPECTATOR SPORT.
 - A. Work Through Problem Sets Carefully In Study Groups.
 - B. Vary Assumptions and Work Through Problems Again.
 - C. Memorizing The Problems Or Text Is Not Productive.
- V. EXTRACT KEY CONCEPTS/LOGIC FROM NOTES AND TEXT.
 - A. Lectures Are Designed To Complement Your Readings.
 - B. Learn Key Definitions (These Will Be Clear).
 - C. Anticipate Natural Variations On The Assigned Problems.
 - D. Use This Condensed Set Of Notes To Study For Examinations.