

# University of Missouri – Columbia

**Summer 2009**

***ECON 4351, ECON 7351: Intermediate Microeconomics  
Syllabus***

**Instructor:** Vitor Trindade

**Email:** [trindadev@missouri.edu](mailto:trindadev@missouri.edu)

**Office:** Professional Building 325

**Telephone:** (573) 882-9925

**Class Times:** MTWThF 9:50-10:50,

Schlundt Hall 201

**Office Hours:** W 8:30-9:30

and by appointment

## Course description

This is a course in intermediate microeconomics. We shall approach microeconomics as the study of how rational human beings and the organizations that they form make decisions, given any constraints that they may face.

After a brief review of calculus, we will have a rigorous discussion of microeconomic analysis. We will then apply it to real life situations. Some of the applications will include: international trade, insurance, portfolio theory, and pollution.

## Course philosophy

I view class participation as integral to the learning process. Part of learning economics is learning a new language, comparable to learning French or Chinese: you will need to learn new words and expressions; you will become fluent using them only as you practice them in different situations; you make “grammar mistakes” (if you don’t know what I mean here’s an elementary example: saying “a change in demand” when you really mean “a move along the demand schedule”). Consider me your language instructor, who will guide you in this new or advancing language. The more fluent you become the more you know and the more you know the more fluent you are. Just take my word for it!

## Textbook

Jeffrey Perloff, *Microeconomics: Theory and Applications with Calculus* (available at the campus bookstore).

## Course webpage

All materials will be posted on Blackboard.

## Class requirements

The class requirements are as follows:

1. Four homework sets.
2. Two midterm tests.

Notes: there is no final exam; the two midterm tests are not cumulative.

## Grading

Your final grade will be determined according to the following weights: homework (20%), test #1 (40%), and test #2 (40%).

### Final Grading Schedule

If your total points are $\geq$	Your guaranteed grade is:
90% (of total)	A
80% (of total)	B
70% (of total)	C
60% (of total)	D

Important: in marginal cases of the schedule above I will use your class participation to decide your grade. Class participation is highly encouraged, see above.

## **Academic Integrity Policy**

Academic honesty is fundamental to the activities and principles of a university. All members of the academic community must be confident that each person's work has been responsibly and honorably acquired, developed, and presented. Any effort to gain an advantage not given to all students is dishonest whether or not the effort is successful. The academic community regards academic dishonesty as an extremely serious matter, with serious consequences that range from probation to expulsion. When in doubt about plagiarism, paraphrasing, quoting, or collaboration, consult the course instructor.

## **ADA Statement (from Office of the Provost)**

If you need accommodations because of a disability, if you have emergency medical information to share with me, or if you need special arrangements in case the building must be evacuated, please inform me immediately, after class or in my office or by email.

To request academic accommodations (for example, a note taker or extended time on exams), students *must also register with the Office of Disability Services* (<http://disabilityservices.missouri.edu>), S5 Memorial Union, 882-4696. It is the campus office responsible for reviewing documentation provided by students requesting academic accommodations, and for accommodations planning in cooperation with students and instructors, as needed and consistent with course requirements. Another resource, MU's Adaptive Computing Technology Center, 884-2828, is available to provide computing assistance to students with disabilities. For other MU resources for students with disabilities, click on "Disability Resources" on the MU homepage.

## **Intellectual Pluralism Statement (from Office of the Provost)**

The University community welcomes intellectual diversity and respects student rights. Students who have questions concerning the quality of instruction in this class may address concerns to either the Departmental Chair or Divisional leader or Director of the Office of Students Rights and Responsibilities (<http://osrr.missouri.edu/>). All students will have the opportunity to submit an anonymous evaluation of the instructor(s) at the end of the course.

## TENTATIVE SCHEDULE OF CLASSES

DATE	TOPIC	READINGS	COMMENTS
<b>PART ONE: CONSUMPTION AND PRODUCTION</b>			
June 8	Course overview. Supply and demand. Elasticity.	Chapter 1, Chapter 2	
June 9, 10, 11, 12, 15	Calculus review; Constrained optimization		
June 16, 17, 18, 19	Consumer preferences and choices	Chapter 3	
June 22	Demand curves	Chapter 4	
June 23, 24, 25	Production	Chapter 6	
June 26, 29, 30	Costs	Chapter 7	
July 1, 2, 6	Competition	Chapter 8	
<b>July 7</b>	<b>Review</b>		
<b>July 8</b>	<b>Test 1</b>		
<b>July 9</b>	<b>Review of Test 1</b>		
<b>PART TWO: APPLICATIONS</b>			
July 10	How do we measure social welfare?	Sect. 5.1-5.3, 9.2, 9.3	<b>Question:</b> what is more valuable to society, water or diamonds? How do we measure this “value”? Can we do so in an objective way?
July 13	Taxes and regulations	Sect. 9.4, 9.5	<b>Policy question:</b> what are the welfare effects of a tax? What about a minimum wage policy?
July 14, 15	The theory of international trade	Sect. 9.6  Handout: “Comparative vs. absolute advantage”	<b>Policy question:</b> How can countries gain by opening up to trade? Are there legitimate reasons not to? What is the welfare loss of a tariff?
July 16, 17	Uncertainty	Chapter 16  Handout: “Modern Portfolio Theory”	<b>Question:</b> if both insurers and their clients are “playing probabilities,” can both gain? If people are risk-averse, can we understand gambling?

DATE	TOPIC	READINGS	COMMENTS
July 20, 21, 22	Monopoly	Chapter 11	<b>Policy question:</b> Why was Microsoft so likely to become a monopoly? How much did consumers lose as a result? Should the government intervene?
July 23	Price discrimination	Sect. 12.1, 12.2, 12.4	<b>Policy question:</b> Why do airlines require Saturday night stays, in order to get the best discounts? Should they be allowed to do so?
July 24	Oligopoly	Chapter 13	<b>Policy question:</b> Should governments subsidize their aircraft companies?
July 27	Game theory	Chapter 14	
July 28	Externalities, with applications to pollution	Sect. 17.1-17.5	<b>Policy question:</b> Why did the government introduce markets for pollution rights? Will firms pollute more or less, as a consequence?
<b>July 29</b>	<b>Review</b>		
<b>July 30</b>	<b>Test 2</b>		
<b>July 31</b>	<b>Review of Test 2</b>		