

INTERMEDIATE MICROECONOMIC THEORY (ECON 3070-010)  
Department of Economics, University of Colorado  
Fall 2018

Professor:	Charles de Bartolome	Recitation instructor:	
Office hours:	M 2:00-2:50 pm; Tu 1:30-2:30pm F 9:00 - 9:40 am.	Recitation time:	
Office:	Econ 203.	Recitation place:	
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		Office:	

Textbook Austan Goolsbee, Steven Levitt and Chad Sy



## Course assignments and Desire2Learn webpage

All course assignments and most lecture notes are posted on the Desire2Learn course webpage located at <https://learn.colorado.edu>

Please note that pages of each Adobe Acrobat file can be printed on a single sheet by clicking as: download > download > show in folder > print > multiple > 3 x2, landscape

## Attendance at class

Woody Allen once remarked "90% of success is just turning up". The best way to learn the material is to attend class. Reading lecture notes posted on the web is not a good substitute for attendance. Attendance at class is therefore required.

## Administrative Drop:

Because attendance is important and expected, I will drop from the class any student who neither attends two of the first three classes of the term nor get special permission from me for his/her absence.

**Recitations** Recitations start w/c 3 September or F/c 3 September only, if your recitation is on Monday please attend the Wednesday recitation (9-9:50 am in ECON 119)

The recitations are an integral part of the course and therefore attendance at recitation is required. Recitations will go over the weekly problem set.

The weekly problem set is posted on the Desire2Learn webpage. Before the recitation, you must attempt to work through the weekly problem set. The recitation reviews the problem set.

The weekly problem set is designed to present problems at a deeper level than the LaunchPad quizzes. The format of the exams will be closer to the format of the weekly problem set than to the LaunchPad quizzes.

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Concerning in-class clicker questions Use clicker questions to reinforce the main point of a lecture. A correct answer receives 1 point and an absence or an incorrect answer receives 0 points.

In calculating your total score for all in-class clicker questions will sum your scores for all days, omitting your three lowest daily scores.

Concerning recitations At the recitation, you are required to hand in an answer to the Problem Set which show evidence of effort (answers need not be correct). If you are present and if y

### Drop-in Tutorial Lab:

The Department of Economics provides a free drop-in tutorial lab for undergraduates enrolled in Economics 3070 and other courses.

Information about the lab is available at:

[www.colorado.edu/Economics](http://www.colorado.edu/Economics) > undergraduate > drop-in tutorial lab

### Tutors

The Department of Economics keeps a list of tutors. Please contact the department's Main Office if you would like to review the list. The Main Office is in Room 212 in the Economics Building.

### Using Clickers

You get a green light when your answer is registered. If you get a red light, your clicker is not registering and your score is automatically zero.

I consider it cheating if a student uses another student's clicker.

### Accommodations for students with special needs

If you qualify for accommodations because of a disability, please submit your accommodation letter from Disability Services to your faculty member in a timely manner so that your needs can be addressed. Disability Services determines accommodations based on documented disabilities in the academic environment. Information on requesting accommodations is located on the Disability Services website ([www.colorado.edu/disabilityservices/students](http://www.colorado.edu/disabilityservices/students)). Contact Disability Services at 303-492-8671 or [dsinfo@colorado.edu](mailto:dsinfo@colorado.edu) for further assistance.

If you have a temporary medical condition or injury, see Temporary Medical Conditions under the Students tab on the Disability Services website and discuss your needs with your professor.

### Religious Observances

Campus policy regarding religious observances requires that faculty make every effort to reasonably and fairly deal with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance. In this class, please let me know in a timely manner if one of the exam dates or dates on which an assignment is due falls on a religious holiday you intend to observe and will arrange for you to take a make-up. See policy details at: [http://www.colorado.edu/policies/fac\\_relig.html](http://www.colorado.edu/policies/fac_relig.html)

## Classroom Behavior

Students and faculty each have responsibility for maintaining an appropriate learning environment. Those who fail to adhere to such behavioral standards may be subject to discipline. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with race, color, national origin, sex, pregnancy age, disability, creed, religion, sexual orientation, gender identity, gender expression, veteran status, political affiliation or political philosophy. Class rosters are provided to the instructor with the student's legal name. I will gladly honor your request to address me by an alternate name or gender pronoun. Please advise me of this preference early in the semester so that I may make appropriate changes to my records. For more information, see the policies on classroom behavior and the Student Code of Conduct. See policies at <http://www.colorado.edu/policies/student-classroom-and-course-related-behavior> And at: <http://www.colorado.edu/osccr/>

## Academic Integrity

All students enrolled in a University of Colorado Boulder course are responsible for knowing and adhering to the academic integrity policy. Violations of the policy may include: plagiarism, cheating, fabrication, lying, bribery, threat, unauthorized access to academic materials, clicker fraud, resubmission, and aiding academic dishonesty. All incidents of academic misconduct will be reported to the Honor Code Council ([honor@colorado.edu](mailto:honor@colorado.edu); 303-735-2273). Students who are found responsible for violating the academic integrity policy will be subject to non-academic sanctions from the Honor Code Council as well as academic sanctions from the faculty member. Additional information regarding the academic integrity policy can be found at the Honor Code Office website.

## Discrimination and Harassment Policy

The University of Colorado Boulder (CU Boulder) is committed to maintaining a positive learning, working, and living environment. CU Boulder will not tolerate acts of sexual misconduct, discrimination, harassment or related retaliation by any employee or student. CU's Sexual Misconduct Policy prohibits sexual assault, sexual exploitation, sexual harassment, intimate partner abuse (including domestic violence), stalking, and related retaliation. CU Boulder's Discrimination and Harassment Policy prohibits discrimination, harassment or related retaliation based on race, color, national origin, sex, pregnancy age, disability, creed, religion, sexual orientation, gender identity, gender expression, veteran status, political affiliation or political pms leg



14,17,19 Sept	COMPARATIVE STATICS	5.1
	Income changes	
	- income expansion path	
	- normal and inferior goods	
	Price changes	5.2
	Individual demand curves	
	Income and substitution effects	5.3
	Changes in price of other goods	5.4
	Market demand curve	5.5
21 Sept	LABOR CHOICE	
	Labor Supply	13.2
	Savings	
24 Sept	In-class Review	
	7-9 pm FIRST MIDTERM	
26,28 Sept, 1 Oct	VALUING GOODS MARKET ACTIVITIES	
	Individual Benefit	3.1
	Marginal Benefit	
	Marginal benefit curve = Individual demand curve	
	Net Benefit from Buying = Consumer Surplus	
	Society's Marginal Benefit	
	Marginal Social Benefit Curve = Market Demand Curve	
	Society's net benefit from buying	
3, 5 Oct	VALUING LABOR MARKET ACTIVITIES	
	Individual's marginal cost of labor	
	Individual's marginal cost of labor = individual's labor supply curve	
	Individual's net benefit from working	
	Society's Marginal Cost of labor	
	Social Marginal Cost Curve = Market labor supply curve	
	Society's net benefit from working	

## 2. FIRMS

8, 10, 12 Oct	<p>PRODUCTION</p> <p>Production Function</p> <ul style="list-style-type: none"> <li>- marginal product</li> <li>- diminishing marginal product</li> </ul> <p>Iso-quant</p> <p>Marginal rate of technical substitution</p> <p>Returns to scale</p> <p>Short-run and long-run</p> <p>Short-run production</p>	<p>6.1, 6.2, 6.3</p> <p>6.4 (pp. 210-214)</p> <p>6.5</p> <p>6.2</p> <p>6.3</p>
15 Oct	<p>CHOOSING INPUTS AND COST</p> <p>Isocost line</p> <p>Choosing input mix</p> <ul style="list-style-type: none"> <li>- rule: "marginal rate of technical substitution = input price ratio"</li> </ul> <p>Comparative Statics</p> <ul style="list-style-type: none"> <li>- wage change</li> <li>- output change</li> <li>- technology change</li> </ul>	<p>6.4 (pp. 214-216)</p> <p>6.4 (pp. 217-222), 6. Appendix (pp 239-242)</p>    <p>6.6</p>
17, 19, 22 Oct	<p>SHORT-RUN AND LONG-RUN COST</p> <p>Total Cost Curve</p> <p>Fixed Sunk and Variable Cost</p> <p>Marginal and Average Cost</p> <p>Short-run and long-run cost relationship</p>	<p>6.7</p> <p>7.1, 7.2, 7.3</p> <p>7.4</p> <p>7.5</p>
24 Oct	<p>PROFIT</p> <p>Accountant's, Managers' and Society Profit</p>	

### 3. "MARKET" INTERACTIONS: HOUSEHOLDS AND FIRMS TOGETHER

26 Oct	THE BENCHMARK Producer Surplus Net Benefit Created = Consumer Surplus + Producer Surplus The Planner	3.1
29 Oct	In-class review 7 - 9 pm SECOND MIDTERM	
31 Oct, 2 Nov	THE BENCHMARK (Cont) Maximum Possible Net Benefit Created (Efficiency) Equity concerns	
5,7, 9, 12 Nov	"MARKET" IS MONOPOLY Market Power Marginal revenue - downward sloping Choosing quantity to maximize profit - rule: "marginal revenue = marginal cost" Comparative statics Well-being lost with monopoly Barriers to entry Government regulation	9.1 9.2, pp. 372-373 9.3, pp 371 9.4 9.5 9.6
14 Nov	STRATEGIC ANALYSIS: GAME THEORY Game Extensive Form Information Set Strategy Normal Form	12.1 (pp. 466-467)
16 Nov	No class	
26 Nov	STRATEGIC ANALYSIS: GAME THEORY (cont) Nash Equilibrium	12.2 (pp. 469-475)
28, 30 Nov	"MARKET" = DUOPOLY Cournot Quantity Competition Welfare properties of duopolistic markets	11.3

3, 5 Dec	<p>“MARKET” = OLIGOPOLY AND MARKET ENTRY  Perfect competition as a sequence of successful entries</p>	
7 Dec	<p>“MARKET” = COMPETITIVE MARKET  Price-taking  Firm’s choice of quantity to maximize profit  - rule: “marginal cost = price”</p> <p>Short-run: fixed number of firms  Short-run supply curve  Short-run equilibrium  Short-run producer surplus  Long-run firms enter and exit firm number variable  Long-run equilibrium  Long-run supply curve  Long-run producer surplus</p>	<p>8.1, 8.2</p> <p>2.3, 2.4, 8.3</p> <p>8.4</p>
10 Dec	<p>NORMATIVE PROPERTIES OF COMPETITIVE EQUILIBRIA  Why are long run competitive equilibria so good.  First Fundamental Welfare Theorem.</p>	
12 Dec	<p>LABOR MARKETS  Demand for labor  - rule: “VMPL = wage”  Consumer and producer surplus in competitive market</p>	
15 Dec	4:30 - 7:00 pm: FINAL EXAM in GUGG 205	