

## Economics 3550: Intermediate Microeconomics

### Resources

The main text for the course is the following:

- Landsburg, Steven (2011). *Price Theory and Applications*, 8th ed. Thompson South-Western. (although the 7<sup>th</sup> or 9<sup>th</sup> edition will work)
- The text is available from [www.ichapters.com](http://www.ichapters.com), about \$9 per chapter -- \$63 cost to you for the semester.

Other readings will be made available on electronic reserve through Blackboard. These readings are from the following:

- Harford, Tim (2008). *The Logic of Life: The Rational Economics of an Irrational World*. New York: Random House.
- Harford, Tim (2005). *The Undercover Economist*. New York: Random House.
- Hazlitt, Henry (1979). *Economics in One Lesson: The Shortest and Surest Way to Understand Basic Economics*. New York: Three Rivers Press.

### What is this course all about?

During a recent semester, a student in 3550 asked, "So economics is just common sense, right?" The answer is: "not quite." Economics is a social science based on logic, not common sense. The complexity of some problems, our lack of expertise, and inability to recognize and incorporate all the important factors when evaluating a problem we are faced with can lead our common sense to the wrong answer. For example, common sense tells you the sun revolves around the earth and that international trade is bad for the US. Understanding economics is important because it helps to fine tune our ability to think critically so that we are better equipped to make decisions to help us reach our goals. For this same reason, economic reasoning and models can seem counterintuitive. Although logical, economic models and their conclusions are not always obvious. It has taken economists hundreds of years to create and refine the models we now use to understand and predict human behavior. Only by studying and working with these economic models and ideas can you begin to internalize these models into your own thinking. Being able to do this is essential if you are an economics or business major, but it is also important to anyone who might need to think critically to solve any number of problems they may be faced with.

*"Economics is both a way of thinking and a body of worked-out ideas applying that way of thinking to the world."* –David Friedman

The "economic way of thinking" is all about understanding how people make choices and the consequences of those choices. Since any choice necessarily involves allocating scarce resources, this definition is not too far removed from the classic definition of economics: *The study of how scarce resources are allocated between various and competing ends*. However, as you will soon see, this definition is a bit narrow. The goal of this course is not only to enable you to understand and use the basic economic tools (some of the "worked-out ideas") that you will

need to successfully continue your economics studies, but also to teach you to think more like an economist. Some of the models or examples used to illustrate the models will seem unrealistic, irrelevant or just plain silly. That's ok. The goal is not always to understand the effects of one specific situation, but to learn how to use economics to analyze different situations you may come across in the future. Some of these economic tools require the use of some algebra and a tiny amount of calculus (which I will teach you if you do not already know it).

**Economics cannot be learned or understood by reading the text and listening to lectures alone.** You must become an active participant in the learning process. Class time will largely revolve around solving problems you have worked on ahead of time. These discussion questions and other available materials are designed to help you work through the material in a more active way. It is up to you to work through most of the material on your own (and/or with classmates) to help you figure out how the models work and what you do or do not understand. Since this type of studying is not required to succeed in many classes, please come see me if you need guidance in how best to study for this course.

**Please be aware, if you are not prepared to spend 6-8 hours per week studying this material (not including class time), do not expect to do well in the class.**

### Grades

Final course grades will be calculated from your grades on exams and homework according to the following table.

Grades	
Class Participation	10%
Mid-Term 1	25%
Mid-Term 2	25%
Final Exam	40%

Class participation will be graded according to attendance and participation in class discussion.

All readings are fair game for the exams. The purpose of the lectures is to augment your studying of the readings. I will expect that you will have read each chapter and worked through assigned problems before class.

### Other Study Materials

Old homework sets and exams along with answer keys are also available on Blackboard. Getting comfortable answering these types of questions is critical if you want to do well in this class.

### Classroom Behavior

I hate to have this section, but I must. Basically, do not do anything you would not want your grandmother to see you do in class. That includes: no talking inappropriately, no eating loud or smelly food, **no phone use of any kind (incl. texting)**, no computer use of any kind, no listening to music (e.g. via ipod) or any other behavior that would annoy your classmates or, more importantly, the person assigning your grade in the course.

**Cheating and Plagiarism**

Individuals caught cheating should be prepared for the consequences. The minimum penalty will be to receive an 'F' for the course. Further action may be taken as deemed appropriate by the Chair of the Department. Basically, cheating and plagiarism involves providing or receiving unauthorized help on homework, quizzes or exams. With discussion questions, I encourage you to work together as much as possible.

**Absences**

Students missing an hourly exam must have a university-excused absence to make-up the exam - all others will receive a zero. (Tip: If sick, go to the doctor and get a note.)

Beyond that, note that participating in classroom discussion is a major component of your grade. If you are not here, you cannot contribute and your grade will suffer.

<b>Tentative Course Schedule (subject to change).</b>		
<b>Week</b>	<b>Topic</b>	<b>Readings</b>
1	Intro/Rationality/Economic Way of Thinking Supply and Demand	Text, Ch. 1 Logic, Ch. 1 Hazlitt, Ch. 1, 2, 3
2	Sept. 1, Labor Day, no class Elasticity	Text, Ch. 1 Logic, Ch. 2
3	Consumer Choice	Text, Ch. 3 Logic, Ch. 3
4	Utility Theory Individual and Market Demand	Text, Ch. 3 (plus p. 77-79) Text, Ch 4 Logic, Ch. 8
5	Individual and Market Demand	Text, Ch. 4 (p. 81-89)
6	<b>Exam I</b> Firm Behavior	Text, Ch. 5
7	Firm Behavior Production and Cost – SR	Text, Ch. 5 Text, Ch 6
8	Production and Cost – SR	Text, Ch 6 Hazlitt, Ch. 15, 22
9	Production and Cost – LR	Text, Ch. 6 Hazlitt, Ch. 7, 8, 9
10	Competition – SR	Text, Ch. 7 (short run sections) Hazlitt, Ch. 4, 7, 12 Hazlitt, Ch. 11, 14, 17
11	<b>Exam II</b> Competition – LR	Text, Ch. 7 (long run sections) Undercover Ch. 1
12	Gains from Trade – Economic Surplus	Text, Ch. 8 Undercover Ch. 9
13	Gains from Trade – Economic Surplus	Text, Ch. 8 (pp. 223-256) Undercover Ch. 2
14	Monopoly (yes, class will meet on Wednesday)	Text, Ch. 10 Undercover, Ch. 3
15	Monopoly (cont.)	Text. Ch. 10 Undercover Ch. 4
16	<b>Final Exam:</b> In the usual classroom.	Comprehensive Final Exam

## **Cheating and Plagiarism**

The UNT Department of Economics adheres to the University's Policy on Cheating and Plagiarism. To view the complete policy, go to [www.vpaa.unt.edu](http://www.vpaa.unt.edu)

Cheating: The use of unauthorized assistance in an academic exercise, including but not limited to:

1. use of any unauthorized assistance to take exams, tests, quizzes or other assessments;
2. dependence upon the aid of sources beyond those authorized by the instructor in writing papers, preparing reports, solving problems or carrying out other assignments;
3. acquisition, without permission, of tests, notes or other academic materials belonging to a faculty or staff member of the University;
4. dual submission of a paper or project, or re-submission of a paper or project to a different class without express permission from the instructor;
5. any other act designed to give a student an unfair advantage on an academic assignment.

Plagiarism: Use of another's thoughts or words without proper attribution in any academic exercise, regardless of the student's intent, including but not limited to:

1. the knowing or negligent use by paraphrase or direct quotation of the published or unpublished work of another person without full and clear acknowledgement or citation.
2. the knowing or negligent unacknowledged use of materials prepared by another person or by an agency engaged in selling term papers or other academic materials.

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### **Disability Accommodation**

If you have a disability for which you will require accommodation under the terms of the Americans with Disabilities Act or Section 504 of the Rehabilitation Act of 1973, please discuss your needs with me after class or at office hours.

The Economics Department cooperates with the Office of Disability Accommodation (ODA) to make reasonable accommodations for qualified students with disabilities. If you have not registered with ODA, we encourage you to do so. Please present your written accommodation request on or before the 4th class day.