University of Wisconsin  
Department of Economics  
Economics 301: Intermediate Microeconomic Theory  
Fall 2010  
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Office Hours:  
Monday 1:00 – 2:00 pm  
Wednesday 8:30-9:30 am

COURSE DESCRIPTION
This course introduces students to the major analytical and theoretical tools necessary for an advanced study of Microeconomics. It builds a bridge between the concepts introduced in Econ 101 (or Econ 111) and those which will be covered in the more advanced economics courses like International Trade, Public Finance, Industrial Organization, Labor Economics, Health Economics, etc. The emphasis will be on a rigorous development of theory using graphical analysis and multivariate calculus. The prerequisites for this course are any two introductory economics courses, and Math 221 or 211 (a semester of calculus, Math 221 is recommended).

In this course we will explore how economists form and study microeconomic models to understand household and firm behavior. We will examine the virtues of a perfectly functioning marketplace, but we will also analyze possible imperfections in the market.

LECTURES, DISCUSSION SESSIONS, & TEACHING FORMAT
There are three 50-minute lectures per week which will concentrate on covering the theory with some basic applications. Your teaching assistant will run discussion sessions that will emphasize applications to the theory and reward group work. Exam questions will rely mainly on material presented in lectures and discussion sessions, but you are also responsible for any material in the relevant chapters of the textbook.

Despite the large size of this class and the difficult, theoretical material we have to cover, I would like to try and keep it fresh and interesting for you with some group work and class participation. This course will apply the active learning format.

Discussion sessions with your teaching assistant will be group classes. You will receive a Learning Guide on how to prepare for a group class several days in advance. The Learning Guide will include the Week, Reading Assignment, Problem Assignment, & Objectives for the upcoming group class. This will mostly be material already covered in lectures, and you are responsible for any additional, relevant information presented in lecture that is not in the Reading Assignment. You are expected to read and review the material and class notes, work out the problem assignment and make sure you can complete the stated objectives before you come to that week’s (group class) discussion session.

Upon your arrival to the group class you will be asked to take an individual 10-minute quiz on this material. When the 10 minutes are up, you turn in your quiz and get together with your group (4-5 students) to discuss and solve all questions a second time. You have 10 minutes to do that, and you
turn in one more answer sheet as a group. Your T.A. will use the remainder of that class period to answer any questions and take you through further applications of the material.

Given the teaching format applied to this class it is very important that you **ONLY VISIT YOUR SPECIFIC DISCUSSION SESSION** each week and find **YOUR GROUP**. Otherwise you will not receive any credit for individual or group quizzes. A few of you might still be hoping to change a discussion section time. You can only do that during the first week of classes (before any group class takes place) as long as you find a section with room available that allows you to register for. So, you are always expected to visit the discussion session you registered for.

The active learning format should work well for Economics 301. Preparation for group classes will keep you on your toes with the material throughout the semester, not just before the exams. Group time itself will be very beneficial to all regardless on whether you are the “stronger” student who has to explain a lot or the “weaker” student in your group who asks most questions. As long as you come to the **group classes** prepared, and willing to participate, you will benefit greatly.

Lectures alone are typically not the most effective teaching method. Lectures are passive by nature and can generate boredom. Students might retain only a small fraction of the material presented. So, I have chosen the active learning format to give you all a feeling of community and some important benefits of group work. It is really up to individual groups to make the most out of this experience. Group classes will be the most effective and enjoyable when readings and work are completed in advance by all. When prepared, students pay attention to details, ask good questions, and can extend their knowledge in group time and during the remaining TA time. Small-group, student-centered learning in addition to lectures can lead to exceptional educational outcomes.

Consider meeting with your group members (or other classmates) on a weekly basis outside the class to solve problems, study together and answer each other’s questions. Students who are regular members of study groups in my classes have done significantly better and also have enjoyed the process more.

Learning Guides, Practice Quizzes and problems will be posted in the course website: [www.ssc.wisc.edu/~kohansen](http://www.ssc.wisc.edu/~kohansen)

**COURSE REQUIREMENTS**

1. **Problem Sets** (10% of grade).
2. **Group Quizzes** (10% of grade).
3. **Individual Quizzes** (5% of grade).
4. **First Midterm Examination OCTOBER 6** (20% of grade).
   - In class. Covers Chapters.
5. **Second Midterm Examination NOVEMBER 8** (20% of grade).
   - In class. Covers Chapters.
6. **Final Examination DECEMBER. 17, 7:25 pm.** (35% of grade).
   - Covers all material

There will be **no make up exams**.
Required Text:
You can find copies of this book at the bookstore. This textbook is also on reserve for our class at the College Library (Helen C. White Hall). The course outline that follows gives the chapters in Varian that correspond to the lectures. You are responsible for this material and are expected to always come to class prepared.
Optional, additional Textbooks also on reserve at the College Library:
Robert S. Pindyck and Daniel L. Rubinfeld, Microeconomics, Prentice Hall.
Walter Nicholson, Microeconomic Theory, Thompson Southwestern.
Jeffrey M. Perloff, Microeconomics, Addison Wesley.

There will be weekly problem sets that you will have to complete with Aplia. The Aplia site requires a separate registration process by each student. You can purchase Aplia at the bookstore with your book or directly from aplia.com. Our course Key is: SSZB-3DL5-MGVX. If you purchase Aplia directly through their website you may register and use the website until September 21, 2010 without paying. If you are considering dropping this course do not make any payment until you are sure. If your payment is not received by the end of this grace period you will not be able to access the site. Aplia is not returnable to the bookstore after you open up the plastic wrap.

Most Aplia assignments come in pairs of practice and graded problem sets. The practice sets are not counted towards your problem set grade. They are meant to give you some practice questions and immediate answers to help you with your understanding of the material before you proceed with the graded problem set.

The graded problem sets have a firm due date. You can change your answers as many times as you wish before that deadline. But once the deadline has passed, the grade is recorded and you may not change your answers or complete any problem sets beyond that point. Practice and graded problem sets are posted weeks in advance. Do them early to ensure their completion. After the deadline you will be able to find in Aplia the correct answers of the graded problems.

COURSE OUTLINE

THE MARKET – DEMAND AND SUPPLY (Sept. 3, 8)
Chapter 1

BUDGET CONSTRAINT (Sept. 10, 13)
Chapter 2

PREFERENCES & UTILITY (Sept. 15, 17, 20)
 Chapters 3, 4

UTILITY MAXIMIZATION AND CHOICE (Sept 22, 24)
Chapter 5

THE DEMAND CURVE (Sept. 27, 29)
Chapter 6
REVEALED PREFERENCES - INCOME AND SUBSTITUTION EFFECTS (Oct. 1, 4)
Chapters 7 (up to the bottom of page 130), and 8

FIRST MIDTERM EXAMINATION, IN CLASS, OCTOBER 6

UNCERTAINTY AND RISK (Oct. 8, 11)
Chapter 12

MARKET DEMAND AND ELASTICITY (Oct. 13, 15)
Chapter 15

EQUILIBRIUM IN A COMPETITIVE MARKET AND TAXES (Oct. 18, 20)
Chapter 16

PRODUCTION AND TECHNOLOGY (Oct. 22, 25)
Chapter 18

PROFIT MAXIMIZATION (Oct. 27, 29)
Chapter 19

COST MINIMIZATION (Oct. 29, Nov. 1)
Chapter 20

COST CURVES (Nov. 3, 5)
Chapter 21

SECOND MIDTERM EXAMINATION, IN CLASS, NOVEMBER 8

FIRM SUPPLY (Nov. 10)
Chapter 22

INDUSTRY SUPPLY (Nov. 12, 15)
Chapter 23

MONOPOLY (Nov. 17, 19, 22)
Chapter 24

PRICE DISCRIMINATION & MONOPOLISTIC COMPETITION (Nov. 24, 29)
Chapter 25

OLIGOPOLY (Dec. 1, 3, 6, 8)
Chapter 27

EXCHANGE AND GENERAL EQUILIBRIUM (Dec. 10, 13, 15)
Chapter 31
Misconduct Statement

Academic Integrity is critical to maintaining fair and knowledge based learning at UW Madison. Academic dishonesty is a serious violation: it undermines the bonds of trust and honesty between members of our academic community, degrades the value of your degree and defrauds those who may eventually depend upon your knowledge and integrity. Examples of academic misconduct include, but are not limited to: cheating on an examination (copying from another student's paper, referring to materials on the exam other than those explicitly permitted, continuing to work on an exam after the time has expired, turning in an exam for regrading after making changes to the exam), copying the homework of someone else, submitting for credit work done by someone else, stealing examinations or course materials, tampering with the grade records or with another student's work, or knowingly and intentionally assisting another student in any of the above.

The Dept. of Economics will deal with these offenses harshly following UWS14 procedures (http://students.wisc.edu/saja/misconduct/UWS14.html):
1. The penalty for misconduct in most cases will be removal from the course and a failing grade,
2. The department will inform the Dean of Students as required and additional sanctions may be applied.
3. The department will keep an internal record of misconduct incidents. This information will be made available to teaching faculty writing recommendation letters and to admission offices of the School of Business and Engineering.

If you think you see incidents of misconduct, you should tell your instructor about them, in which case they will take appropriate action and protect your identity. You could also choose to contact our administrator (Mary Beth Ellis: mellis@ssc.wisc.edu) and your identity will be kept confidential.