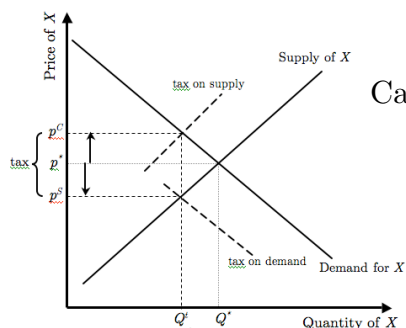


ECON 301

Intermediate Microeconomic Theory I: Consumer Theory

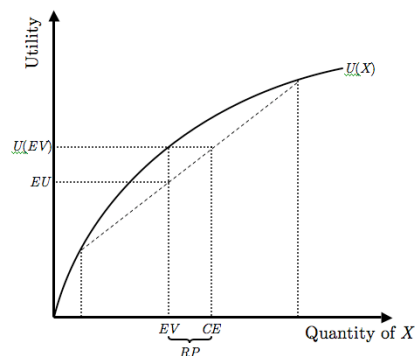


Fall, 2007

California State University San Marcos

Professor Aaron Finkle

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Meetings

Monday and Wednesday 10:00 – 11:15, ARTS 220

Office Hours are After Class Mondays and Wednesdays in CRA 6231

Required Textbook

Jeffery Perloff, *Microeconomics* 4ed, Addison-Wesley

This intermediate micro text, like most others, covers both consumer and producer theory. We will use chapters 1 – 5, 10 and parts of 16 and 17 as time permits. I will also provide you with additional articles and notes through the class webCT page.

Overview of Material

In this course we will readdress the models of consumer choice first seen in principles of microeconomics. The emphasis of this class is on interpreting and applying formal modeling techniques to approach the behavior of consumers and market exchange between individuals. We will give close attention to the underlying assumptions of classical consumer choice theory. In addition, this class will improve your understanding of how economists use models to better assess real-world policies and their outcomes.

Assignments and Grading

I have divided the course into five three-week sections. Each section is conducted as follows:

Day 1: Lecture, brief reading quiz

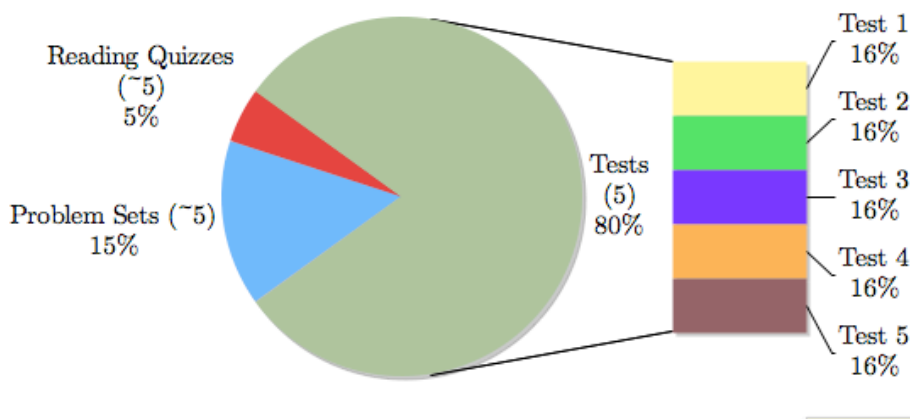
Day 2: Lecture

Day 3: Problem Solving – group and individual in-class problem sets

Day 4: Test

Your grade in the class derives from your test scores, problem set scores and quizzes. Attendance and participation points may be added to your grade in the end if appropriate. However, if you miss any classes you should not expect this bonus.

Grade Determination



FAQs

How are problem sets graded? Will we work in groups?

Problem sets are assigned a point value from 0 to 5 (0 = “not turned in”, 1 = “incomplete, but some problems attempted”, 2 = “many errors, in need of improvement”, 3 = “average understanding, some fundamental mistakes”, 4 = “no fundamental mistakes but some minor errors”, 5 = “no fundamental errors and few or no mistakes”). Most problem sets are done in groups of two.[†]

How long are tests?

You will have the entire class period to complete each test. I will prepare the length of each test so that with proper preparation and some time management you will be able to finish the test in the time allotted. Each test will consist of 4 or 5 short answer

[†] In the case of an odd number of students, one group may be permitted of three students on a rotating basis. Students may also work solo on any assignment if they choose.

questions (definitions, true/false, etc) and a few longer numerical and algebraic problems applying the models. I will provide sample questions in advance to prepare you for the style of the test.

Are the tests cumulative?

No, each test covers the material from the chapter(s) covered since the prior test. As the material inherently builds on previous sections, it is important that you do not fall behind. If you feel that you are falling behind, come speak to me as soon as possible.

How should I prepare for each class?

Reading carefully and in detail is crucial to succeeding and being prepared each day. Because class moves quickly, one missed reading can make class very difficult. I am also a strong advocate of *active learning*. This means engaging the material when doing the reading through note taking (or highlighting, though an inferior approach), problem solving and careful review. I will also provide optional problems from the chapters (typically from the questions at the back of the chapter) for you to review from. These will not be turned in, though answers will usually be provided for your review. If you feel that your studying time is not effective, come speak to me and we can discuss some techniques to make your time use more efficient.

Study with others in the class! You will be working with a partner on problem sets each week, so it is a good idea to make some connections with other students to study together. It will really help you absorb material whether you feel less or more confident in the material than those you study with.

Can I eat food in class?

Sure, as long as you are able to still contribute to class and do not disturb others around you. If food becomes a problem in the class, I will change to a no-food policy quickly (do you want to be the cause of that?). Sleeping *is* a problem; it is a waste of your time, is distracting to the instructor, and is discouraging to those around you who are working hard to learn. If you are one to get drowsy in class, please take actions to stay awake (coffee, gum, note taking, etc).

What is your attendance policy? What should I do if I miss a class?

I do use attendance in computing a final grade but only in cases where a grade is on the borderline. Missing a class can lead to a great deal more of make-up time. If you know in advance that you will not be present for a class, you should talk with me in advance to plan for any missed assignments. Allowances will be made for missed in class problem sets on a case-by-case basis (please do not miss class expecting that I will accept your missed work!). Reading quizzes are in-class only and cannot be made up. There are no exceptions. It is your responsibility to contact me when you miss a class.

If I need help, what can I do?

First and foremost, I encourage you to make use of my office time. I encourage you to meet with me and work on the material one-on-one or in groups. Wednesday's class is also devoted to in-class work and the small size of the class will provide you with time to ask questions. Study groups outside of class are also a great way to study regardless of where you stand in the class.

Schedule

Section 1 (8/27 – 9/12): Supply and Demand Model with Applications

- Week 1 Go over syllabus, Supply and Demand, Math review (Ch. 1 & 2)
- Week 2 Applying Supply and Demand, Taxes, Quotas (Ch. 3)
- Week 3 In-class Problem Set #1
 Test #1 (9/12)

Section 2 (9/19 – 10/3): The Consumer Choice Model

- Week 4 Consumer Choice Model (Ch. 4)
- Week 5 More on Consumer Choice (cont. Ch. 4)
- Week 6 In-class Problem Set #2
 Test #2 (10/3)

Section 3 (10/8 – 10/24): Demand and Applications of Consumer Choice

- Week 7 Consumer Demand (Ch. 5)
- Week 8 Measuring Welfare, Cost of Living Indices, Labor Supply
- Week 9 In-class Problem Set #3
 Test #3 (10/24)

Section 4 (10/29 – 11/19): General Equilibrium

- Week 10 General Equilibrium and Edgeworth Model (Ch. 10)
- Week 11 Fundamental Welfare Theorems
- Week 12-13 In-class Problem Set #4
 Test #4 (11/19)

Section 5 (11/26 – 12/5): Additional Consumer Choice Models

- Week 14 Choice with Uncertainty (Ch. 17)
- Week 15 Discrete Choice Modeling (Reading TBA)
 In-class Problem Set #5 (12/5)
 Test #5 (See university final exam schedule)

*Topic dates may change with the speed of the class. Check with me if you have any questions about readings or assignments.