

Econ 401: Intermediate Microeconomic Theory
Fall 2009
Course Information

- *The final version of this document will contain all the important information about the course.*
- *Please read this document carefully, line by line.*
- *This document will be updated if things change or more information becomes available.*
- *This version of the document dates from: October 1, 2009.*

Course Description: The subject of this course are individuals' and firms' economic choices, and the way in which these choices interact in markets. We shall also discuss ways in which the performance of markets can be evaluated. The course will emphasize theory over data. Empirical methods are taught in other courses, but the theories developed here form the basis of much empirical work. We shall use mathematical tools such as graphs, equations, and calculus. In comparison to Economics 101 we cover a somewhat broader range of topics, and we cover these topics in more analytical depth.

Instructor: Tilman Börgers. My e-mail address is: tborgers@umich.edu. My office hours are on Mondays and Wednesdays, 4.30-5.30pm, in my office: room 337 in Lorch Hall.

Head GSI: Ben Niu. His e-mail address is: bniu@umich.edu. His office hours are Mondays and Wednesdays, 12-1pm, in room 351F in Lorch Hall.

Prerequisites: It is important that students come into the course with a sufficient mathematical background. This is why the course has enforced mathematics prerequisites. There are no overrides. If you satisfy the mathematics prerequisites and want to refresh your mathematical background, you can use a book that prepares high school students for the "AP Calculus BC exam." An advisory prerequisite is Economics 101 and 102. If you have not taken these courses, or need not refresh your knowledge, you can use a textbook with the words "Principles of Microeconomics" in the title.

Textbook: The textbook for this course is:

- Jeffrey M. Perloff, *Microeconomics, Theory & Applications with Calculus*, Boston: Pearson Addison Wesley, 2008, ISBN: 978-0-321-27794-7.

You need a copy of this book to follow the course. The book will be on reserve in the Shapiro Undergraduate Library and in the Foster Library in Lorch Hall. I shall assign readings from the book. All assigned readings are relevant for the exams, not only those covered in the lecture. Note that we are using Perloff's textbook on microeconomics that does use calculus. Perloff has also published a textbook that is just called "Microeconomics" and that does not use calculus. That is *not* the textbook that we use.

Textbook website: There is a companion website for the textbook at:

http://wps.aw.com/aw_perloff_microcalc_1/

This website offers a lot of practice questions and additional material that you can work with.

Study guide: There is a study guide for the textbook:

- Jeffrey M. Perloff, Charles Mason, Robert Whaples, *Study Guide for Microeconomics, Theory & Applications with Calculus*, Boston: Pearson Addison Wesley, 2008, ISBN: 978-0-321-41234-8.

This study guide is not required for the course, but I mention it as an additional resource that you might use when studying for this course. The study guide will be on reserve in the Shapiro Undergraduate Library and in the Foster Library in Lorch Hall.

Lecture times: We meet on Mondays and Wednesdays, 1-2 pm. The first lecture will be on Wednesday, September 9. The last lecture will be on Monday, December 14. There will be no lecture on Monday, October 19, because of Fall Study Break. Please note that there will be a lecture on Wednesday, November 25, the day before Thanksgiving.

Lecture hall: Lectures will be in room 140 in Lorch Hall, the Lorch Hall lecture theatre. Please note that this is the "Askwith Auditorium." It is named after Bert Askwith, an alumnus of the university, former editor of the Michigan Daily, entrepreneur, whose gifts have also made it possible to install the appropriately named "Bert's Café" in the Shapiro Undergraduate Library.

Lecture content: Each lecture will cover a part of the book that I will identify for you in advance. You must prepare for each lecture by reading the relevant part of the book before the lecture.

Lecture slides: I will use slides in PDF format in the lectures. The slides will be made available on CTools in advance. It will probably be useful to you to bring print-outs of the slides to the lectures.

Problem sets: For each topic, there will be two problem sets: one with “section problems” and one with “homework problems.” The “section problems” will be discussed in section. This will help you do the “homework problems.” You may find it useful to try out section problems before the section but we do not collect answers to section problems. You must do all homework problems (you may work in groups) and bring written answers to your section. At the top of the homework problems we shall indicate the date on which you have to bring your homework problems to the section. The GSI will collect your homework at the beginning of the section. Late homework is not accepted under any circumstances. Written answers to all section problems and all homework problems will be made available on CTools.

Homework problems consist of “regular problems” and “multiple choice problems.” We include multiple choice problems because the exams will use multiple choice problems. For multiple choice problems, your solution need only indicate what you think is the correct answer. You need not give the reasoning behind your answer. The “regular problems” require written out answers that include the reasoning behind your answer. It is good to work in this format before moving to the multiple choice format so that your understanding of the material is deep enough.

Every week your GSI will grade one randomly selected homework of the two homeworks that you handed in. We shall not announce in advance which homework will be graded. Your homework will be given a “+” or “-” grade. We will assign a “+” if we you have made a sufficient effort for all questions. You make a sufficient effort only if you give well-explained answers for all regular questions. You can be brief, but you must be clear. If you are unable to answer a question, you must explain the nature of your difficulties with the question. You must also answer all multiple choice questions to get a “+.” Note that we grade effort rather than the correctness of your answer. You can obtain a “+” even if your answers are not correct.

Sections: You must register for a discussion section. Sections will be devoted primarily to answering students’ questions and solving problems from

the assigned problem sets. The sections will be small to allow discussion and personal attention. Students are expected to participate actively in section discussions. Sections begin on Wednesday, September 9, or Thursday, September 10.

Working for this course: This is a 4 credit hour course rather than a 3 credit hour course, and you should expect to put in correspondingly more time than you would put into a 3 credit hour course. You should expect to spend around 10 hours per week on your work for this course. This includes reading the textbook and working through the problem sets. You should work hard right from the beginning of the course. If you fall behind early, you will not be able to catch up later.

Office hours: For every section, we offer two office hours with your GSI. Location and time will be announced in the section. Please, use the office hours of your GSI. Your GSI will not be able to help you outside the office hours.

Exams: There will be two midterms and one final exam. The first midterm will be on Thursday, October 8, 8-10 pm, in a location to be announced. The second midterm will be on Thursday, November 12, 8-10 pm, in a location to be announced. The final will be on Friday, December 18, 4-6 pm, in a location to be announced. The first midterm will ask questions about the material that was covered (in lectures or assigned readings) up to that point. The second midterm will primarily ask questions about the material that was covered in the course between the first midterm and the second midterm, but you will also need to know the earlier material. The final will ask questions about everything that was covered in the course. The midterms and the final will be multiple choice exams using scantrons. You must bring your University of Michigan photo ID card to each exam.

Absences from exams: If a student misses an exam without a valid excuse then the student will receive zero points for this exam. Valid excuses are emergencies, illnesses, or religious observances that prevent you from taking the exam. You must notify the head GSI of religious observances that require you to be absent from any of the exams by September 15. Emergencies must be documented as soon as possible. If you miss the first midterm with a valid excuse, then the second midterm and the final will receive proportionally higher weight. If you miss the second midterm with a valid excuse, then the final will receive the weight of the second midterm and the final together.

We will communicate with you separately about our policy if you miss the final with a valid excuse.

Grading: The midterms and the final are graded on a point scale where you can obtain points between 0 and 100. Each midterm examination counts for 30% of your course grade, and the final examination counts for 40% of your course grade. Your numerical course grade will then be translated into a letter grade. We will assign an indicative letter grade for your cumulative performance up to that point after every midterm. This will give you a clear idea of how well you are doing in the course.

Homework Credit: Your homework grade potentially improves your grade to the next best fractional letter grade (e.g. B to B+ or C+ to B-) if your point score is on the borderline to that grade. We consider a score borderline when it is no more than 1% of total points away from the cut-off for the next higher fractional letter grade. We give homework credit if the number of problem sets for which you have *not* obtained a “+” is not more than three.

Grade Distribution: We grade to a curve. The following table shows roughly the grade curve that we are aiming for *before applying the homework credit*:

Letter Grade	A	B	C	D/E/W
Percentage of Students	25%	34%	23%	18%

Note that this is approximate. We reserve the right to adjust this table during the course.

Disabilities: If you believe you need an accommodation for a disability, please let me know by September 15. You need to register with the Office of Services for Students with Disabilities. Some aspects of this course may be modified to facilitate your participation and progress. As soon as you make me aware of your needs, we can work with the Office of Services for Students with Disabilities to help us determine appropriate accommodations. I will treat any information you provide as private and confidential.

If you have questions: If you have questions about the course content and the problem sets you can ask your GSI in the discussion section, see your GSI in her or his office hour, or post a question in the CTools Forum. For administrative questions, including questions about the organization and

grading of the exams, please get in touch with the head GSI. If your questions are of general interest, you may also raise it in the CTools Forum. If you have issues that you are reluctant to raise with your GSI or with the head GSI get in touch with me.

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