ECON3113   Intermediate Microeconomic Theory

University of Oklahoma, Fall 2022
Section 002: T/R,   9:00-10:15am, Cate Center CCD1 237
Section 003: T/R, 10:30-11:45am, Cate Center CCD1 338

Instructor:	Dr. Qihong Liu	**E-mail:**	qliu@ou.edu
Office:	Cate Center 1, Room 426		
Office Hours:	T/R, 1:30-2:30pm and by appointment		
Course Website:	https://canvas.ou.edu		
TA	Bowei Dong, CCD1 Room 230, boweidon@ou.edu		
TA Office Hours	Wednesday, 3-4pm and by appointment		

Course Description

Microeconomic theory is the branch of economics concerned with how individuals (and firms) allocate scarce resources. It is based on the notion that consumers and firms have well defined objectives (e.g., maximizing utility or profits) and behave systematically according to the incentives and constraints of their economic environment. We will study how consumers choose what to consume, how firms choose what to supply and how different markets influence the resource allocation. Solid knowledge of algebra and calculus is essential for this course. Formal reasoning and firm grasp of ideas discussed in this class will also be critical in your future economics course work.

Assessment

Your grade will be based on one quiz (15%) and three exams (35% each for the best two exams and 15% for the worst exam). Letter grades will be assigned following the schedule (A: 90 and above; B: $80 \sim 90$; C: $70 \sim 80$; D: $60 \sim 70$; F: < 60). No extra credit assignments will be given.

Quiz and midterms will be given during class time and the final will be given at the University designated time. Problem sets will be assigned on a regular basis. They will not be collected. But I strongly recommend that you work on the problem sets. Similar skills are required to answer question in quizzes and exams.

Recommended Textbook

David Besanko and Ronald Braeutigam, *Microeconomics*, Wiley, 6th Edition. You are welcomed to use earlier editions.

Readings

The course outline at the end of the syllabus lists the sections in the textbook which we will cover. The textbook provides (1) background information and motivation for the topics, (2) detailed steps for the analysis and learning-by-doing examples, (3) numerous real world examples and applications. I expect you to read the assigned chapter **before** coming to class to get an overview of what's contained in the chapter. My previous experience indicates that it is very beneficial if you have read the chapter before class. After you have done that, look at the problems at the end of each chapter and the corresponding homework assignment. If you find yourself struggling with some problems, make a note for that so you can pay special attention to the relevant material in class. I strongly encourage you to ask questions and participate in class discussions.

Additional readings will be listed throughout the semester. In particular, for each chapter, I will assemble a set of *Wall Street Journal* articles as well as questions usually based on 1-2 of these articles. It is important that you learn and practice how to apply the tools and knowledge that you learned in class to these real world problems and applications.

Exam Dates

Midterm 1 - Tuesday, September 27
Midterm 2 - Thursday, November 3
Finals - Monday, December 12, 8:45-10am* (Section 2)
　　 - Thursday, December 15, 8:45-10am* (Section 3)

Other Important Dates

December 9 is the last day for Grade of W on Complete Withdrawl
December 8 is the last day of class

Canvas

I will use Canvas, in conjunction with e-mails, to distribute lecture outlines, readings, problem sets, etc. I will also post grades on Canvas. Please verify that you can log on to Canvas and access the information for this class.

Class Attendance

You are expected to attend every class and are responsible for all material and announcements. The exams will be based largely on class discussions, so it is in your best interest to attend. As an added incentive, I will periodically take attendance and assign up to 2 bonus

points. It is your responsibility to inform me in a timely manner of any extended absence that is necessary for medical or other reasons. Please arrive to class on time. Entering after a lecture has begun is distracting to your classmates and to me, and you should avoid it as a courtesy. If you arrive late, please enter the room quietly and sit near the door. In order to avoid unnecessary distractions, all cellular telephones are required to be turned off while in the classroom. This includes the time immediately before and after the class ends.

Tentative Outline

BB=Bensanko and Braeutigam. You are not responsible for sections of BB which we do not discuss in class. Approximate number of lectures to cover each chapter is listed in parenthesis.

1. Math Review and Introduction (2).
   (i) Math review
   (ii) Motivation and Tools. BB 1.1-1.2.
   (iii) Demand and Supply Analysis. BB 2.1-2.2.

2. Preferences and Utility. BB 3 (2).

3. Budget Constraint. BB 4.1 (0.5)

4. Optimal Choice. BB 4.2 (2).

5. The Theory of Demand. BB 5.1, 5.3-5.4 (1.5).

   Exam 1 approximately here.

6. Inputs and Production Functions. BB 6.1-6.5 (1.5).

7. Costs and Cost Minimization. BB 7.1-7.2, 7.4 (1.5).

8. Cost Curves. BB 8.1-8.3 (1.5).

9. Perfect Competitive Markets. BB 9.1-9.4, 10 (3.5).

   Exam 2 approximately here.

10. Profit Maximization by a Monopolist. BB 11.1-11.2, 11.5-11.6 (2).

11. Pricing Strategies for Firms with Market Power. BB 12.1-12.4 (2).

12. Topics on Information Technology (2).
    (i) Network Effects.
    (ii) Switching Costs and Lock-in.

    Final exam.