PREREQUISITES: EC202 (Principles of Microeconomics) and Math 160 (Survey of Calculus).

REQUIRED TEXT:


Not required but recommended for your future reading:


COURSE OBJECTIVES:

This course analyzes "the economic way of thinking." In a book entitled Economics in One Lesson, Henry Hazlitt said:

"[T]he whole of economics can be reduced to a single lesson, and that lesson can be reduced to a single sentence. The art of economics consists in looking not merely at the immediate but at the longer effects of any act or policy; it consists in tracing the consequences of that policy not merely for one group but for all groups." [Henry Hazlitt, Economics in One Lesson (San Francisco, California: Laissez Faire Books, 1946/1996), p. 5].

We will study how to practice that art.

Intermediate microeconomics analyzes the price mechanism and its role in resource allocation, output composition, and income distribution. Topics covered include consumer choice and demand, theories of production and cost, the use and pricing of inputs, and the economic performance of various market structures. The usefulness of price theory in the analysis of public policy and business decisions will be stressed throughout the course, with emphasis placed on real-world applications of the theoretical models.
Students in EC303 should achieve intermediate-level proficiency in microeconomics through studying the materials to be covered here. By the end of the semester, students should have a solid economic basis for understanding the microeconomic dimensions of business, economic, and policy issues discussed in publications such as the Wall Street Journal.

At one level, the objective of the course is technical mastery of the economic concepts outlined above. At a more fundamental level, however, each student should strive to integrate the concepts discussed in this course with his or her understanding of the economic, business, and political environment in which we live.

**HOW TO GET A GOOD GRADE IN THIS CLASS:**

- **Read the assigned chapters before our class discussion of that material.** We will cover approximately 1-2 chapters per week as shown on the attached course schedule, so it is essential to keep up with the reading.

- **Participate actively in class:** ask questions; give examples from your own experience; tell me when to slow down or speed up.

- **Write out detailed answers to all of the study questions distributed in class.** Please consider this mandatory, because the questions on our exams will be based on topics covered by the study questions.

- **Participate actively in your study group** (see below).

- **Contact me right away if you are having trouble with any of the material.** Please either call me at the office (426-1335) or on my cellphone (859-4275), or send me an e-mail message (my e-mail address is ctwight@boisestate.edu). I want to help you understand this material, and I can best help if you tell me what you need!

**ACADEMIC HONESTY:**

Academic honesty is expected and required in this course, as it is throughout Boise State University. Please review BSU's policy governing academic honesty in the BSU Undergraduate Catalog.

**ATTENDANCE:** Attendance is required. If you are absent more than three times, it will seriously affect your grade, usually lowering it by one full letter grade (except for emergency situations). Please notify me in advance if you know that you will have to be absent.
CLASS ETIQUETTE:

• Please do not arrive late to our class (or leave early): it disturbs your classmates and interrupts the lecture. If you have another commitment that routinely prevents you from arriving on time, I’d be happy to help you find another section of EC303 that is more compatible with your schedule.

• If you must leave class early or arrive late on a particular day, please tell me ahead of time—and choose a seat close to the door to minimize the disturbance to the rest of the class.

• During our class period, please don’t walk in front of the class.

• Please don’t eat during class.

• Please don’t leave and return during our class period.

• Please turn off all electronic equipment during class (computer, cell phone, iPad, etc.).

COLLEGE OF BUSINESS & ECONOMICS (COBE) WRITING STYLES GUIDE:

• Available at http://cobe.boisestate.edu/COBEwritingGuide/

GRADING:

Grading will be based on in-class exams and a “Prerequisites Exam” as described below.

EXAMS:

1. There will be three midterm exams and no final exam during the semester. The midterm exams will be in essay format.

2. Each of your midterm exams will count as 30% of your course grade.

3. Your highest score on the “prerequisites exam” (described below) will count as the remaining 10% of your course grade.

4. Each midterm exam will cover material from both the assigned readings and the lectures.

5. The dates for the midterm exams are shown on the course schedule below.

Note: Students requesting a grade of "incomplete" must have been doing satisfactory work in the course up to the last three weeks of the semester and, due to documented illness or emergency, be unable to complete the course.
STUDY TEAMS: During the first week of class, you will form 4-5 person study teams that you’ll be working with throughout the semester.

PREREQUISITES EXAM DURING FIRST * WEEKS OF CLASS:

This class also requires completion of a “Prerequisites Exam” described below. The Prerequisites Exam must be taken at the Testing Center (in the Education Bldg.) during the initial three weeks of this class. The exam will cover your knowledge of Principles of Microeconomics (ECON 202) and calculus (MATH 160) in a multiple-choice format. Students are responsible for scheduling their exams at the Testing Center. During this 3-week time period, you may take the exam up to four times, and your best score will be the one I record for this class.

The multiple choice Prerequisites Exam covers basic ideas of supply, demand, equilibrium conditions, elasticity, and calculus. The purpose of the pretest is to help you review useful materials from principles of microeconomics and calculus that will help you succeed in the Intermediate Microeconomics class.

Everyone is required to take this test. The test must be taken in the Testing Center located in the Education Building, 4th Floor, Room E418. You do not need to make an appointment to take this test. Regular hours of the Testing Center are Monday – Friday from 8 a.m. to 8 p.m. You have until Friday, January 30 to take the pretest, and—as noted—you can have up to three tries. The test is worth 10% of your class grade, and only your highest score from all attempts will be recorded.

READING ASSIGNMENTS:

The required reading assignments are shown on the following course schedule. In addition, you are encouraged to read the Wall Street Journal, which routinely covers issues requiring understanding of price theory. Subscription to the Journal is not a requirement for this course, however.
REQUIRED READING – COURSE SCHEDULE

**Week 1:** Please read for this class—and as a partial review of EC202:

Browning & Zupan, Ch. 1 (An Introduction to Microeconomics).
Browning & Zupan, Ch. 2 (Supply and Demand).

**Week 2:** Browning & Zupan, Ch. 3 (The Theory of Consumer Choice).

**Week 3:** Browning & Zupan, Ch. 4 (Individual and Market Demand).

**Monday, January 25: Last date to drop without a “W”**.

**Week 4:** Browning & Zupan, Ch. 5 (Using Consumer Choice Theory).

**Week 5:** Tuesday, February 9—Review for exam 1.

**EXAM 1** (Thursday, February 11).

**Week 6:** Browning & Zupan, Ch. 6 (Exchange, Efficiency, and Prices).

**Week 7:** Browning & Zupan, Ch. 7 (Production).

**Week 8:** Browning & Zupan, Ch. 8 (The Cost of Production).

**Week 9:** Browning & Zupan, Ch. 9 (Profit Maximization in Perfectly Competitive Markets).
Browning & Zupan, Ch. 10 (Using the Competitive Model).
Week 10: Tuesday, March 15—Review for exam 2.

**EXAM 2** (Thursday, March 17).

Friday, March 18: Last date to drop with a “W”.

Week 11: Spring break! (no classes March 23-27).

Week 12: Browning & Zupan, Ch. 11 (Monopoly)
Browning & Zupan, Ch. 13 (Monopolistic Competition and Oligopoly);
in chapter 13, read only pages 330-336 and pages 345 (§13.4) - 354.

Week 13: Browning & Zupan, Ch. 14 (Game Theory and the Economics of Information).

Week 14: Browning & Zupan, Ch. 16 (Employment and Pricing of Inputs).

Week 15: Tuesday, April 19—Review for exam 3.

**EXAM 3** (Thursday, April 21).

Week 16: No class meetings this week.

Last day of our class: Thursday, April 21.

Week 17: FINAL EXAMS: No final exam in this class!
Week 17:

Addendum to Course Syllabus: Assignments and Grading

<table>
<thead>
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<th>Graded work:</th>
<th>Percent of course grade</th>
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<tbody>
<tr>
<td>Best 3 exams</td>
<td>90%</td>
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<tr>
<td>(each exam = 30%)</td>
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<tr>
<td>“Prerequisite exam”</td>
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In light of the University’s implementation of plus/minus grading, the grade scale for EC 303 will be as follows:

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<th>Quality points</th>
<th>Percentage score</th>
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<tr>
<td>A</td>
<td>4.0</td>
<td>90 - 96</td>
</tr>
<tr>
<td>B+</td>
<td>3.3</td>
<td>87 - 89</td>
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<td>B</td>
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<td>0 - 59</td>
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LEARNING GOALS FOR INTERMEDIATE MICROECONOMICS

A student who has completed intermediate microeconomics should be able to think critically in applying economic reasoning to personal and business decisions and public policy issues. Students should be familiar with important U.S. and international economic institutions, a core body of economic literature, and major economic issues facing the U.S. and the world. In intermediate microeconomics, learning goals established for the students' earlier microeconomics courses are pursued in greater depth. Specific learning goals include greater understanding of:

**Scarcity:** The student should understand that resources forming the building blocks from which people produce goods and services are limited, and consequently we must make choices (economize).

**Opportunity Cost:** The student should be able to identify the real costs associated with the resource allocation choices we make. Students should recognize that such costs are associated with choices made by individuals—sometimes choosing alone, sometimes choosing within various organizational structures such as business firms, nonprofit organizations, and governments.

**Marginalism and Benefit/Cost Analysis:** The student should understand that optimal decisions are more likely to result when costs and benefits of a choice are clearly understood and when decisions are made with attention to consequences expected to flow directly from the decision (that is, costs and benefits "at the margin").

**Self Interest as a Driving Force:** The student should understand the important role of self interest as a force that helps to direct resources to their highest and best use. Self interest can be seen in individuals' attempts to maximize personal satisfaction and in businesses' attempts to maximize profit.

**Benefits from Voluntary Exchange:** The student should understand that both traders benefit from an exchange which is voluntarily made, and that this principle applies to trade between people in different countries as well as to trade between individuals within one country. The student should be able to predict the effects of trade restrictions on the overall living standards of the individuals affected.

**Markets and Prices:** The student should understand how markets facilitate trade by generating prices which serve as signals to buyers and sellers of resources and goods and services. Students should be able to predict the impact of price changes on resource allocation and consumer and business behavior. They also should be able to explain potential causes of market failure and of government failure.
Supply and Demand: The student should understand that supply and demand curves are merely simplified depictions of the behavior of market participants. The student should be able to use supply and demand curves to explain how markets answer the basic questions of "what to produce," "how to produce," and "who gets what is produced." Students should understand and be able to use the concepts of elasticity of demand and elasticity of supply.

Consumer Choice Theory: Students should understand the consumer-choice model that underlies demand analysis.

Production: Students should understand short-run and long-run cost considerations that underlie supply decisions in diverse market contexts.

Input markets: The student should understand economic models for analyzing the availability, employment, and pricing of inputs.

Competition: The student should understand the notion of competition and its importance in the efficient functioning of markets and prices. Students also should be able to explain what happens when markets are characterized by less-than-perfect competition (monopoly, oligopoly, monopolistic competition, cartels, and the like).

Principles of Comparative Advantage and Specialization: The student should understand the economic benefits derived from adherence to the principles of comparative advantage, specialization, and trade.

Public Goods and Externalities: Students should understand the how the existence of externalities influences behavior, and the advantages and disadvantages of particular policy approaches designed to alter the extent of externalities. Students should also understand the nature of "public goods," including the economic circumstances that preclude private markets from supplying such goods.

Ethical Issues in Microeconomics: The student should be able to identify ethical issues which arise when evaluating market outcomes and public policies relating to markets.

Skill in Using Diagrams to Express Relationships: Students should increase their ability to use graphs and other diagrams to express economic relationships and to predict the consequences of changes in relevant variables.
EVALUATION OF STUDENT ACHIEVEMENT OF LEARNING GOALS
FOR INTERMEDIATE MICROECONOMICS

As described in the grading and exam sections of this course syllabus, student achievement of the learning goals for intermediate microeconomics will be evaluated by means of each student's performance on essay examinations that reflect material covered in the assigned readings and in lecture. Specific textual coverage of material relevant to the stated learning objectives is as follows:

**Scarcity:** Covered explicitly in Browning & Zupan, chapter 1. Applied in most chapters of the Browning & Zupan text.

**Opportunity Cost:** Covered explicitly in Browning & Zupan, chapter 1. Applied in most chapters of the Browning & Zupan text.

**Marginalism and Benefit/Cost Analysis:** Covered explicitly in chapters 3, 4, 7, 8, 9, 16, 17, and 20. Applied in chapters 5, 6, 10, 14, 15, and 18.

**Self Interest as a Driving Force:** Covered explicitly in Browning & Zupan, chapters 1, 3, 4, 6, 8, 9, 10, 11, 14, 17, 18, 19, 20 and elsewhere.

**Benefits from Voluntary Exchange:** Covered explicitly in Browning & Zupan, chapters 6, 10, 19.

**Markets and Prices:** Covered explicitly in Browning & Zupan, chapters 2 and 6. Applied in chapters 7, 8, 9, 10, 19, 20 and elsewhere.

**Supply and Demand:** Covered explicitly in Browning & Zupan, chapter 2, and applied in most chapters of the Browning & Zupan text.

**Consumer Choice Theory:** Covered explicitly in Browning & Zupan, chapters 3, 4, 5, and 6.

**Production:** Covered explicitly in Browning & Zupan, chapter 7, 8, and 9.

**Input markets:** Covered explicitly in Browning & Zupan, chapters 7, 8, 16, 17, and 18.

**Competition:** Covered in Browning & Zupan, chapters 9, 10, 11, 12, 13, and 15.

**Principles of Comparative Advantage and Specialization:** Covered in Browning & Zupan, chapters 10 and 19.

**Public Goods and Externalities:** Covered explicitly in Browning & Zupan, chapter 20.

**Ethical Issues in Microeconomics:** Discussed in Browning & Zupan, chapters 3, 5, 10, 15, 18, 20.

**Skill in Using Diagrams to Express Relationships:** Covered explicitly in almost every chapter of the Browning & Zupan text.