

**ECONOMICS 303 – FALL 2009**  
**INTERMEDIATE MICROECONOMICS**  
**COLLEGE OF BUSINESS & ECONOMICS**  
**BOISE STATE UNIVERSITY**

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**OFFICE HOURS:**  
**MW: 6:00 – 6:30 PM**  
**TTH: 11:30 AM–NOON**  
**TTH: 3:00-3:30 PM**  
**TTH: 6:45-7:15 PM**  
**(AND BY APPOINTMENT)**

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**PREREQUISITE:** EC202, Principles of Microeconomics.

**REQUIRED TEXT:**

Browning, Edgar K., and Zupan, Mark A., Microeconomics: Theory and Applications,  
10th edition (John Wiley & Sons, Inc., 2009).

**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. The student should achieve intermediate-level proficiency in microeconomics through studying the materials covered in this course. By the end of the semester, the student should have a solid economic basis for understanding the microeconomic dimensions of 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 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 that you 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.
- Form (or join) a study group.
- 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](mailto:ctwight@boisestate.edu)). I want to help you understand this material, and I can only 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 carefully BSU's policy governing academic honesty (reproduced from the BSU Undergraduate Catalog and attached to this syllabus).

**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, 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 your cellphone off (or set it to silent mode) during class.

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

- Available at <http://cobe.boisestate.edu/COBEwritingGuide/>.

## **GRADING:**

Your course grade will be based on in-class exams as described below:

## **EXAMS:**

1. There will be four exams: three (noncumulative) midterm exams and a fourth (cumulative) examination that will cover all of the material in the course. The exams will be in essay format.
2. **You must take each of the first three exams** unless an illness or emergency of which you notify me in writing prevents you from doing so. You may skip the final exam if:
  - you have taken the first three exams;
  - you received a grade of at least 70% on each of the first three exams;
  - you verify your course grade with me before the final exam; and
  - you decide to let that course grade stand.
3. **Your best three exam grades will be weighed into the determination of your course grade as described above.** (That is, I will drop your worst exam grade in determining your course grade.)
4. Each exam will cover material from both the assigned readings and the lectures.
5. Since you are permitted to drop your worst exam grade, **NO MAKEUP EXAMS** will be given.
6. The dates for the 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 documentable illness or emergency, be unable to complete the course.

### **READING ASSIGNMENTS:**

The required reading assignments in the Browning & Zupan text 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:** Browning & Zupan, Ch. 1 (An Introduction to Microeconomics).  
Browning & Zupan, Ch. 2 (Supply and Demand).

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

**Week 3:** Browning & Zupan, Ch. 3 (The Theory of Consumer Choice).  
Browning & Zupan, Ch. 4 (Individual and Market Demand).

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

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

**\*\*EXAM 1\*\* (Thursday, September 24)**

**Week 6:** Browning & Zupan, Ch. 6 (Exchange, Efficiency, and Prices).  
Browning & Zupan, Ch. 7 (Production).

**\*\*Last day to drop classes (Friday, October 2).**

**Week 7:** Browning & Zupan, Ch. 7 (Production).  
Browning & Zupan, Ch. 8 (The Cost of Production).

**Week 8:** Browning & Zupan, Ch. 8 (The Cost of Production).  
Browning & Zupan, Ch. 9 (Profit Maximization in Perfectly Competitive Markets).

**Week 9:** Browning & Zupan, Ch. 9 (Profit Maximization in Perfectly Competitive Markets).  
Browning & Zupan, Ch. 10 (Using the Competitive Model).

**\*\*EXTRA CREDIT: Brandt Foundation Lecture, Monday, Oct. 19, 7:00 pm**  
**(Jordan Ballroom, Student Union Building)**

**Week 10:** Browning & Zupan, Ch. 10 (Using the Competitive Model).

**\*\*EXAM 2\*\* (Thursday, October 29)**

**Week 11:** Browning & Zupan, Ch. 11 (Monopoly)  
Browning & Zupan, Ch. 13 (Monopolistic Competition and Oligopoly);  
in chapter 13, read only pages 369-376 and pages 386-395.

**Week 12:** Browning & Zupan, Ch. 13 (Monopolistic Competition and Oligopoly);  
in chapter 13, read only pages 369-376 and pages 386-395.  
Browning & Zupan, Ch. 14 (Game Theory and the Economics of Information).

**Week 13:** Browning & Zupan, Ch. 14 (Game Theory and the Economics of Information).  
Browning & Zupan, Ch. 16 (Employment and Pricing of Inputs).

**Week 14:** **\*\*Thanksgiving holiday, November 23-29**

**Week 15:** Browning & Zupan, Ch. 16 (Employment and Pricing of Inputs).

**\*\*EXAM 3\*\* (Thursday, December 3)**

**Week 16:** Browning & Zupan, Ch. 20 (Public Goods and Externalities).

**\*\*No class on Tuesday, December 8: extra time to study for final exam.**

**Last day of our class (Thursday, December 10)**

**Week 17:** **\*\*EXAM 4\*\* (per BSU final examination schedule)**

## **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, and 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, and 20.

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

*From the 2009-2010 Boise State Catalog:*

# Academic Honesty

The university's goal is to foster an intellectual atmosphere that produces educated, literate people. Because cheating and plagiarism are at odds with that goal, they shall not be tolerated in any form. Students are expected to adhere to the rules and regulations as set forth in the Student Code of Conduct. Therefore, all work submitted by a student must represent that student's own ideas and effort; when the work does not, the student has engaged in academic dishonesty.

Plagiarism occurs when a person passes in another person's work as his or her own or borrows directly from another person's work without proper documentation. For example, academic dishonesty occurs whenever a student:

- buys a paper or other project, then seeks to receive credit for the paper or project
- copies from another student's exam, either before, during, or after the exam
- uses "crib notes" while taking an exam or uses information stored in a computer or calculator (if prohibited from doing so)
- allows another person to take an exam in his or her place or takes an exam for another person
- collaborates on take-home exams when such collaboration is forbidden
- copies the work of another person and attempts to receive credit for that work
- fails to properly document source material in a paper or project
- receives editorial assistance that falls outside the scope of acceptable assistance

NOTE: The list above is intended only to provide general guidelines for recognizing and avoiding common types of academic dishonesty. It is in no way an exhaustive or comprehensive list of all the types of academic dishonesty.

Except in cases of major offenses, responding to academic dishonesty is the responsibility of the instructor of the course in which the dishonesty occurs. If a student is responsible of academic dishonesty, the student may be dismissed from the class and may receive a failing grade. Other penalties may include suspension or expulsion from school.

For more information about academic honesty, see the following publications:

- Boise State University Policy Manual
- Boise State University Student Handbook
- Student Code of Conduct ([www.boisestate.edu/osrr/](http://www.boisestate.edu/osrr/))