ECON 326: INTERMEDIATE MICROECONOMIC ANALYSIS
Spring 2016

Professor Melissa S. Kearney
Tydings 3115L
301-405-6202

Email: kearney@econ.umd.edu
Web: http://www.econ.umd.edu/~kearney/
Office hours: Monday 3-4:30

Course Description: This course focuses on economic decision-making by individual buyers and sellers and the resulting market outcomes (supply and demand). There is an emphasis on theoretical rigor. The efficient properties of perfect competition are examined, along with a consideration of uncertainty, asymmetric information market power, externalities, and asymmetric information. The emphasis on analytics will prepare students to address a wide-range of issues in public economics, labor economics, industrial organization, environmental economics, education economics, development economics, and more.

Prerequisite: ECON300 with a grade of 'C' (2.0) or better. This class is for ECON majors only. (Parallel course for non-majors is Econ 306).

Class Meetings: Mon & Wed 11-11:50 JMZ 0220, plus Friday recitations.

Recitations: Friday sessions led by Teaching Assistants. Check testudo for section assignments.

Attendance at the Friday recitation sessions is strongly encouraged. These sessions will include practice problems, review of problem sets, presentation of supplementary material, and detailed presentation of difficult material introduced in the lectures.

Teaching Assistants:

Ernest Koh	Sai Luo
koh@econ.umd.edu	luo@econ.umd.edu
OFFICE: 3115N	OFFICE: 3115N

Textbook: Microeconomics, 8/E, by Robert Pindyck and Daniel Rubinfeld.
- Textbook website: http://www.pearsonhighered.com/pindyck/.

- Note that used and softbound copies of this book might be available on-line for a lower price. In addition, the 7th edition of this textbook may be available at a lower cost from alternative book providers. Students can learn the core theoretical material from either edition; examples, problems, and extensions differ across editions. Students will not be penalized for choosing the 7th edition, but it will be the burden of the student to find the chapter and pages in the 7th edition that corresponds to the assigned reading from the 8th edition.

Requirements and Grading:

- Four problem sets (20% of course grade)
    - Problem sets will be graded based on final answers as well as thoughtfulness and effort. Detailed problem set solutions will be provided.
    - Problem sets will be posted to the course website. Completed problem sets will be collected in class on the day they are due; you may put them in your TA's mailbox in the economics department office on the 3rd floor in Tydings Hall by 4 pm on the day they are due. Problem sets will not be accepted over e-mail; late problem sets will not be accepted.
    - Collaborative work on problem sets is encouraged; but outright copying will be considered cheating. All students must turn in individual problem sets.

- Midterm Exam (30% of course grade)
- Final Exam (50% of course grade)

    - *Make-up Exam Policy:* All students are required to attend both the midterm and final exams. Make-up exams will be granted only to those students whose reason for missing the exam complies with University policy. The four valid excuses according to University policy are medical conditions, religious observances, participation in University events at the request of University authorities, and compelling circumstances beyond your control. Religious observances and participation in University events should be documented well in advance. Self-signed notes on health center letterhead do not suffice as a doctor's confirmation of a medical condition. If you believe you are eligible to take a make-up exam, please inform the professor within 24 hours of missing the scheduled exam and provide the appropriate documentation as soon as possible.

    - *Exam Regrade Policy:* If, after going over your exam and the exam solutions, you believe some of your solutions were more correct than originally judged to be, you may submit, in writing, an exam regrade request. Your regrade request must specify which solutions(s) you believe were not graded appropriately and a substantive explanation for why you believe your solutions are more correct than originally judged. Your entire exam is subject to regrade. Exam regrade requests are due no later than 14 calendar days after exams are returned to the class (note that this deadline applies even if you are not present in class the day graded exams are returned.)

Academic Integrity: The University of Maryland, College Park has a nationally recognized Code of Academic Integrity, administered by the Student Honor Council. This Code sets standards applicable to all undergraduate students, and you are responsible for upholding these standards as you complete assignments and take exams in this course. See www.studenthonorcouncil.umd.edu.

Course Website: Please use your directory ID and password to access www.elms.umd.edu. Relevant documents and announcements will be posted on the course website. It is expected that you will check that course website every week.

The University has adopted email as the primary means of communication outside the classroom, and I

will use it to inform you of important announcements. Students are responsible for updating their current email address via the appropriate link on http://www.testudo.umd.edu/Registrar.html   Failure to check email, errors in forwarding email, and returned email due to "mailbox full" or "user unknown" will not excuse a student from missing announcements or deadlines.

Accommodations: Students with disabilities who require special accommodations must get in touch with the instructor within the first three weeks of class.

Course Outline
(Note that this is tentative; weeks are subject to change per instructor's notice)

CONSUMER THEORY

Lecture	Date	Topic	
N/A	1/25	**SCHOOL CLOSED – SNOW DAY**	
1	1/27	Introduction to course Basics of Supply and Demand (P&R Ch 1 & Ch 2.1-2.3)	
Recitation	*1/29*	*Review of calculus*	
2	2/1	Consumer preferences (P&R Ch 3.1)	
3	2/3	Budget Constraints (P&R Ch 3.2)	
Recitation	*2/5*	*Mathematical optimization – Lagrange Multiplier method*	
4	2/8	Consumer choice and utility maximization, with calculus (P&R Ch 3.3-3.5, Ch 4 appendix)	
5	2/10	Consumer demand (P&R Ch 4.1)	
Recitation	*2/12*	*Practice problems*	
N/A	2/15	**SCHOOL CLOSED – SNOW DAY**	
6	2/17, 2/22	Income and Substitution effects (P&R Ch 4.2-4.4)	** Pset 1 due 2/15*
Recitation	*2/19*	*Review problem set 1 Review of elasticies*	
7	2/24	Market Demand and elasticities (P&R Ch 4.3)	
Recitation	*2/26*	*Review material, practice problems*	

8	2/29	Applications of consumer theory to labor supply (P&R Ch 14.1)	
9		Describing Risk (P&R Ch 5)	
10	3/2	Choice under Uncertainty	
Recitation	3/4	*Review material, practice problems*	** Pset 2 due 3/7*

PRODUCER THEORY

11	3/7	Describing production (P&R Ch 6)
12	3/9	More on production (P&R Ch 6)
Recitation	*3/11*	*- Review problem set 2* *- Mid-term review*
	(3/14-3/18)	SPRING BREAK
13&14	3/21	Describing costs in the short-run (P&R Ch 7.1, 7.2) Describing costs in the long-run (P&R Ch 7.3, 7.4)
15	3/23	Cost minimization (P&R Ch 7.4, Ch 7 appendix)
Recitation	*3/25*	*- Review practice mid-term solutions* *- A mathematical treatment of production and cost theory* (P&R Ch 7 appendix)
MID-TERM	3/28	** MID-TERM EXAM **
16	3/30	Firm behavior in the short-run (P&R Ch 8.1-8.6)
Recitation	*4/1*	*Review material, practice problems*
17	4/4	Firm behavior in the long-run (P&R Ch 8.7-8.8)

MARKET STRUCTURES AND IMPERFECTIONS

18	4/6	Introduction to the analysis of competitive markets (P&R Ch 9.1-9.3)	
Recitation	*4/8*	*Review material on production and profit maximization*	
19	4/11	Introduction to monopoly (P&R Ch 10)	** Pset 3 due 4/13*
20	4/13	More on monopolies (P&R Ch 10)	
Recitation	*4/15*	*Review of problem set 3 solutions and additional practice problems*	
21	4/18	Monopoly pricing (P&R Ch 10)	
22	4/20	Monopsony (P&R Ch 10.5, 10.6)	
Recitation	*4/22*	*Review material, practice problems*	
23	4/25	Monopolistic competition and Oligopoly (P&R 11.1, 11.2, Ch 12.1, 12.4)	
24	4/27	Models of Oligopoly (Ch 12 & 13)	
Recitation	*4/29*	*Review material, practice problems*	
25	5/2	Markets with Asymmetric information (P&R Ch 17.1-17.4)	
26	5/4	Externalities (P&R Ch 18)	** Pset 4 due 5/4*
Recitation	*5/6*	*Review problem set 4* *Final exam review*	
27	5/9	Public Goods (P&R Ch 18)	

FINAL EXAM during exam week, per university scheduling