

Rose-Hulman Institute of Technology, Spring 2008
SL354, Intermediate Microeconomics

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Course Web Site: <http://www.rose-hulman.edu/~christ/micro/microhome.htm>

Course Description:

This is a course in intermediate microeconomic *theory*. It focuses mainly on individual decision making in market settings, using formal modeling techniques to analyze consumer choice and market performance. It also introduces students to the economic treatment of uncertainty, market failure, and general equilibrium. While the backbone of the course is the "standard" neoclassical model, the course also includes extensive discussions of recent developments in behavioral economics that sometimes seem at odds with the standard model.

This course does not cover theories of the firm or market structure, strategic interaction, or business economics. Students interested in those topics are encouraged to take VA353 (Industrial Organization), SL356 (Game Theory), or SL351 (Managerial Economics).

The prerequisites for this course are SL151 (Principles of Economics), and a solid grounding in algebra and differential calculus. This course is required for the economics major, is one of two intermediate theory options for the economics minor, and is an HSS "Self and Society" elective.

The format of the class will consist of lectures, problem set discussion days, and five examinations. See the schedule on this syllabus for a tentative plan. Consult the course web site for a more detailed and updated schedule, as well as links to the problem sets.

Textbooks: Hal Varian, *Intermediate Microeconomics, A Modern Approach*, 7th ed. Norton, 2006.

Richard H. Thaler, *The Winner's Curse, Paradoxes and Anomalies of Economic Life*, Princeton Paperback, 1994.

Assignments and Grades:

Grades will be based upon attendance and in-class participation, and five in-class examinations:

Attendance and Participation	25%
Exams (5)	75%

Course Policies:

- Students are expected to attend class regularly and to participate in class discussions. Unexcused absences or excessive tardiness will result in lower participation grades. Excessive absences may result in a failing grade for the course. Consult the Academic Rules and Procedures for Institute policies concerning course attendance.
- Assigned material (see course schedule on this syllabus and the course web site) should be read prior to class.
- Problem sets will not be graded, but will be discussed in class on designated days, when students will be expected to provide in-class answers, explanations, and interpretations.
- Unexcused missed exams will result in a grade of zero for that exam. With a legitimate written excuse, approved in advance, a missed exam may result in the other examinations being weighted more heavily or the administration of a make-up exam. Students are responsible for providing written documentation for absences stemming from Institute-sponsored events. Examination #5 must be taken at the assigned time.

Course Schedule:

Week of ...	Monday	Tuesday	Thursday	Friday
March 3 – 7	Introduction Varian, 1	Budget constraints Varian, 2	Preferences Varian, 3	Utility Varian, 4
March 10 – 14	Choice Varian, 5	Consumer Demand Varian, 6 [7]	Income & substitution Varian, 8	Problem set 1 Preference anomalies I Thaler, 1 – 3
March 17 – 21	Exam 1	Buying and selling Varian, 9	Intertemporal choice Varian, 10	Consumer's surplus Varian, 14
March 24 – 28	Market demand Varian, 15	Equilibrium Varian, 16	Problem set 2 Thaler 8 – 9	Exam 2
April 7 – 11	Asset markets Varian, 11	Uncertainty (and risk) Varian, 12	Risky assets Varian, 13	Portfolio theory TBD
April 14 – 18	Loss aversion, etc Thaler, 6 – 7	Capital markets I Thaler, 10 – 11	Capital markets II Thaler, 12 and 14	Problem set 3
April 21 – 25	Exam 3	Technology Varian 18	Profit maximization Varian 19	Exchange Varian 31
April 28 – May 2	Production Varian, 32	Welfare Varian, 33	General equilibrium TBD	Problem set 4
May 5 – 9	Exam 4	Auctions Varian, 17	Auctions Thaler, 5	Externalities Varian, 34
May 12 – 16	Information Varian, 35	Asymmetric information Varian, 37	Problem set 5 Thaler, 15	Exam 5