

# Microeconomic Theory

Consortium Institute of Management  
and Business Analysis  
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## Course Description

Microeconomics focuses on the consumer, the firm, the nature of cost, and how these relate to the economy as a whole. We will be using economic models of the consumer, the producer, and governments to analyze actions under various market structures - perfect competition, monopoly, oligopoly and monopolistic competition. We will explore economic issues including market power, population growth, positive and negative externalities, income distribution, poverty and welfare, discrimination, and international economic inter-dependence.

## Course Expectation and Prerequisites

Principles of Microeconomics – ECON1100. We will review the first week. The terminology and assessment skills are expected (e.g. a shift in demand versus a change in the quantity demanded)  
Calculus and Matrix Algebra for Business – MATH1380. This course will not make extensive use of calculus and matrix algebra. It is important to be able to calculate – and interpret – first derivatives. Basic algebra will also be used extensively, but mathematically and conceptually, in this course. Please discuss additional review with the instructor if either of these are a concern.

## Course Goals

1. Demonstrate awareness of economic concepts of: the consumer, the firm, the nature of cost, perfect competition, monopoly, oligopoly, and monopolistic competition.
2. Identify the fundamental significance of the resource base, demographic change, positive and negative externalities, income distribution, social welfare, discrimination and economic waste.
3. Demonstrate the ability to recognize, collect and analyze objective data employing the scientific method.
4. Understand and use models that project possible economic outcomes.
5. Read, analyze, and apply to new situations, written material related to the study of economics.
6. Write and speak clearly and logically in presentations and homework/essays about topics related to economics.

## Course Methods

The basic method is to use a practical problem solving approach. The approach will be quantitative but not highly mathematical. The course is designed to help students solve problems relating to all aspects of business and society. Most problems will be solved individually, but some problems will be solved by using a competitive team approach.

## Class Procedure and Grading

Class will be a mixture of problem review, current event discussion, and lecture. You will be assigned textbook problems every week. We will review the problems in class. Following, there will be discussion of current topics/events. The class will complete with lecture on the next topic. Success in this class will occur through integration, not memorization. We will use economic techniques to objectively analyze economic events.

## Grading

Interim Tests – 450 points (150 each)  
Final – 250 points  
Homework – 120 points (10 each)  
Current topic – 100 points (50 each)  
Participation – 30 points

Tests – There will be three interim tests (non-cumulative) and a final (cumulative). You may use a calculator. You may bring a one-page cheat sheet to each exam. Limit one letter- or A4-size page, one side. Please put your name on the cheat sheet and hand it in with the exam.

Homework – Homework will be taken from the numbered “Review Questions” (secondarily) and Problems” (primarily) at the end of each chapter. You may work with as many fellow students as you wish, but you must turn in your own homework. Typed submissions are preferred, written is acceptable if extremely legible. Homework will be due at the beginning of the session assigned. (see schedule)

Paper Topics – Paper topics will be a “current event” discussion. Please find an article, published since January 1, 2012 that pertains to the topic listed. Provide a two-page paper (12-point font, double-spaced) that summarizes the article AND explains the article in “textbook” terms and concepts. Cite the article. Papers will be completed in teams of three students (a team of two or four will also occur). Papers must be submitted as a word processing document. (.doc, .docx, .rtf, .txt only). The file name of the paper must hold to the following structure: Last name1\_Last name2\_Micro\_Paper#. For example, if I were working with Joe French, my second paper would have a file name of:

French\_Kline\_Micro\_Paper2.docx

Papers will be due prior to the beginning of the class session assigned. (see schedule)

Please e-mail as an attachment to:

Bruce.kline@colorado.edu

## Final Grades:

Final grades are subject to the grading policy of the Tippie School of Business.

The recommended distribution should be interpreted as indicating "top down" target maximums. For example, the target number of As in an elective course should be at most 40%; the total proportion of As and Bs should be no more than 80% (40% + 40%); and the total proportion of As, Bs, and Cs should be no more than 95% (40% +40% + 15%).

I will provide +/- grading.

## Grievance Procedure:

Student concerns regarding this course should first be discussed with me. If we can't resolve the complaint, you may contact the Department Chair, John Solow 319-335-0829 [john-solow@uiowa.edu](mailto:john-solow@uiowa.edu) If you cannot resolve the complaint by speaking with the chair, you may contact the Associate Dean of the Tippie College Undergraduate Program, Lon Moeller, at 319-335-0924, or by email at [lon-moeller@uiowa.edu](mailto:lon-moeller@uiowa.edu) ”

## Course Materials:

“*Microeconomics*” third edition by D. Besanko and R. Braeutigam, Wiley, 2007.

This is the main textbook for the class.

The European Wall Street Journal on-line will also be required. The main purpose of this requirement is to find current microeconomic examples and to improve the students understanding of the European culture. I also strongly recommend [www.economist.com](http://www.economist.com)

## Class Schedule

<b>Class Session</b>	<b>Topics</b>	<b>Assignments</b>
1	<b>Introductions</b> <b>Review Principles of Micro (1100) and discuss math expectations</b>	
2	<b>Chapter 1</b> Analyzing Economic Problems	
3	<b>Chapter 2</b> Demand and Supply Analysis	Problems 1-6, 1-12
4	<b>Chapters 3</b> Consumer Preferences and the Concept of Utility	Problems 2-2, 2-3, 2-9, 2-11
5	<b>Chapters 4</b> Consumer Choice	Review Question 3-4 Problems 3-2, 3-5, 3-8
6	<b>Chapters 5</b> The Theory of Demand	Problems 4-4, 4-5, 4-16
7	<b>Test</b>	Problems 5-1, 5-7, 5-11
8	<b>Chapters 6</b> Inputs and Production Functions	Current topic – demand curve shifts or supply curve shifts - equilibrium
9	<b>Chapters 7</b> Costs and Cost Minimization	Review Question 6-3 Problems 6-3, 6-8
10	<b>Chapters 8</b> Cost Curves	TBA
11	<b>Chapters 9</b> Perfectly Competitive Markets	Review Question 8-6 Problems 8-1, 8-6
12	<b>Test</b>	Problems 9-1, 9-4, 9-5
13	<b>Chapters 10</b> Competitive Markets: Applications	Current topic – cost curve shifts
14	<b>Chapter 11</b> Monopoly and Monopsony	Problems 10-7, 10-16
15	<b>Chapter 12</b> Capturing Surplus	TBD
16	<b>Chapter 13</b> Market Structure and Competition	TBD
17	<b>Test</b>	TBD
18	<b>Chapter 15</b> Risk and Information	
19	<b>Chapter 17</b> Externalities and Public Goods	
20	<b>Review</b>	
21	<b>Final Examination</b>	

## Structural Policies

Virtually everything that concerns the structural mechanics of this class, including among other things course credit, dropping and adding, and academic misconduct is governed by the Tippie College of Business, University of Iowa. Specific structural policies in that regard include:

**Accommodating Disabilities:** If you have a disability that may require some modification of seating, testing, or any class requirement, please let me know as soon as possible so that appropriate arrangements can be made. Similarly, if you have any emergency medical information that I should be aware of, or if you need special arrangements in the event of the building being evacuated, please let me know. Please see me after or outside of class to discuss these issues.

**Policy on Cheating:** It is my sincere hope that no student in this class submits work which is not his or her own. However, it seems prudent to clarify in advance the policy on cheating. If I determine that any assignment was not written solely by the student whose name appears on the assignment, the student will receive a zero (0) for the assignment and may receive an “F” for the class. All incidents of cheating will be reported to the CIMBA Undergraduate Office and the Associate Dean of the Tippie College of Business and the student may be placed on disciplinary probation for the remainder of the semester. In general, the decision of the professor may be appealed to the CIMBA Undergraduate Staff and/or the College of Business Judicial Board, then to the Associate Dean for the Undergraduate Program. The Honor Code for the Tippie College of Business will determine the appropriate process. The Honor Code is located on the University of Iowa website.

**Sexual Harassment:** CIMBA, The Tippie College of Business and the University of Iowa are committed to providing students with an environment free from sexual harassment. If you feel that you are being or have been harassed or you are not sure what constitutes sexual harassment, we encourage you to visit the University of Iowa website: <http://www.sexualharassment.uiowa.edu/index.php> to seek assistance from the department chairs, Dean’s Office, the University Ombudsmen Office, or the Equal Opportunity and Diversity Office.

**FERPA Requirement:** To participate in this class, it may be necessary to reveal to other students the names of students who are enrolled in this course. If you do not want your name revealed to other students enrolled in this course, please contact me in writing by the end of the first week of class.

## Class Attendance Policy

Attendance at all classes and CIMBA sanctioned activities is MANDATORY. All unexcused absences will have the following consequences:

- 1<sup>st</sup> absence will result in the loss of 1/3 of a letter grade in the class
- 2<sup>nd</sup> absence (cumulative) will result in the loss of an entire letter grade
- 3<sup>rd</sup> absence (cumulative) will result in dismissal from the program

Absences due to illness require a note from the CIMBA Undergraduate Office Staff and/or the Istituto Filippin medical staff. If you are sick and cannot attend class, you must inform the CIMBA Staff immediately with failure to do so will result in an unexcused absence.

## Setting Appointments

My purpose here is to give you the best integrated learning experience possible. If you are having trouble or need more detailed instruction, please let me know. We will schedule time for review.