Intermediate Microeconomic Analysis
Summer 2013
Barry Sopher

Freylinghuysen Hall A4 (College Avenue Campus)
10:50am-1:45pm, Monday-Thursday, May 28 to June 20.
15 minute break each day, 12:15- 12:30pm, more or less.

Office: 209A New Jersey Hall
Email: sopher@econ.rutgers.edu
Phone: No point trying to phone me! Just send email, by far the quickest way to reach me outside of class.

Office hours: immediately before and after class each day. It is best to schedule in advance, if possible.

Prerequisites: Introductory microeconomics and calculus.

Text: David Besanko and Richard Braeutigam, Microeconomics, 4th edition, is available at Rutgers Bookstore and online. Earlier editions are ok too. The current edition is very expensive, but (for example) the 3rd edition is available from Amazon for a fraction of the price of the 4th. There might be some small changes, nothing significant.

Microeconomics is the study of economic activity: consumers and producers, and how their actions and interactions lead to market outcomes. We will be dividing our study of microeconomics into 3 parts. First, we will develop basic models of the agents who make decisions and interact in the economy: the consumers and the producers (Parts 1 – 3 of the book). Second, we will analyze how the interactions of these agents in markets lead to various outcomes: mainly, the prices and quantities of goods and services traded in markets (Parts 4 and 5 of the book). Finally, we will analyze certain special situations where either small numbers of market participants, the structure of information, or the intertwined nature of agents preferences can lead to sometimes surprising results (Parts 6 and 7).

Throughout, the main emphasis will be on logical and systematic development of models and problem solving, though we will consider the practical relevance of the models for real life as well. A fair amount of basic mathematics is required, even a little bit of calculus from time to time, though not really more than a good college preparatory curriculum would entail. Facility at interpreting graphical analysis will also be useful. Regular class attendance is essential.

Exams: There will be three exams, non-cumulative. Exam dates are June 4, June 12, and June 20. Exams will consist of problems and short answer written questions (no multiple choice). Each exam will count equally (30%) in determination of your final grade. The remaining 10% will be based on (almost) daily problems that you will turn in. The problems to be graded will be a subset of problems that I assign each day. The grading will be quite liberal—for purposes of the homework, it is
important to make an effort. Solutions to all assigned problems will be posted subsequent to the assignment. Homework problems are very good examples of exam questions. Exam problems will not be so liberally graded, so it will be useful and important to check your work against the posted solutions.

**Topics:** Chapters 1 to 17 from the text, though some sections will definitely be skipped. The first exam will cover consumer theory (Chapters 1-5). The second exam will cover theory of the firm and perfect competition (Chapter 6-10). The third exam will cover situations in which the basic economic model of perfect competition fails, in one way or another (Chapter 11-17).

**This is a Fifteen Day Course**
This, as you must realize, is an intensive course, in terms of the pace at which we will be covering material. Each day is the equivalent of a full week (i.e., two 80 minute lectures at Rutgers), and there are 3 to 4 class meetings a week. So it bears repeating that missing class is not going to be to your advantage. While you will have a book to rely on, what we do in class should be very useful. I aim to help you integrate all this material into a coherent whole.

**What Should You Expect to Get Out of This Course?**
This is a course that is central to the economics curriculum, at Rutgers or anywhere else. There are two main things you should be getting out of this course. First, you should acquire (with my help) the ability to systematically size up economic problems using the theoretical framework of modern microeconomics. To “size up” in this context means to identify, in a broad sense, the relevant aspects of the problem, the appropriate part of the theory to be applied, and the general character of the solution to the problem. Second, you should acquire (also with my help) the ability to solve economic problems. To “solve” in this context means to work out a precise answer following from a precise statement of the problem. We will make use of calculus, but a facility with basic algebra will get you a long ways.