

Economics 201  
Intermediate Microeconomics  
Fall 2004

Instructor: Dr. Frank Maddox  
Office Hours: MTWTh 1:00-2:00

Course Description: Econ 201 deals with contemporary microeconomic theory. Building upon concepts developed in the principles level course, Econ 201 formalizes the theory using mathematical as well as graphical analysis. The course is designed for students who wish access to material covered in higher level micro or business school courses; Econ 201 is typically taken by students who intend to take a variety of upper level economics courses such as international trade theory, labor economics, etc. Students who pursue a business curriculum will find that microeconomics provides the theory for many approaches to decision-making in the business environment.

The course opens with a review of the market mechanism familiar from the principles course in micro. Next, a model of consumer behavior is generated to provide the basis for the demand curve of the market mechanism. This consumer model, which is based upon the utility maximization principle, is presented graphically using indifference curve analysis.

The behavior of firms is examined next. The short-run production function and resultant cost function of the firm is examined in detail. The four industry models of perfect competition, monopolistic competition, oligopoly, and monopoly are examined. In all cases the behavior of the firm is postulated given the assumption of a profit maximization motive. The long-run behavior of perfectly competitive firms is examined in order to construct the market supply curve of the market mechanism.

Alternative motives to short-run profit maximization are explored. Oligopoly models of strategy provide a departure from graphical analysis; students will explore game theory and other techniques for modeling strategies resulting from mutual interdependence of firms.

General equilibrium analysis allows the student to observe the interdependence of the different markets examined in isolation during the semester. Finally, resource markets are examined with special emphasis upon labor markets.

Course Objective: The goal of Econ 201 is to develop a framework of analysis for understanding the behavior and outcomes resulting from activity in individual

markets. Students will manipulate graphical and mathematical models that allow a more precise analysis than was possible at the principles level. The course will provide the student with analytical tools necessary for higher level courses that employ microeconomic theory.

Method of Instruction: Econ 201 is taught through a combination of lecture, discussion, homework and examinations. Since the class size is typically small, student participation comprises an ongoing part of the class pedagogy. Students should expect to routinely solve problems and explore graphical models at the blackboard. Homework assignments will involve periodic student presentations of current events relevant to the course.

Honor Code: Students should re-read the honor code since the honor code is strictly enforced in this course.

Texts to be Purchased by Student:

Nicholson, Walter, Intermediate Microeconomics and its Application, 8th edition, Harcourt, Inc. 2000. (required)

.Westhoff, Frank, Study Guide for Intermediate Microeconomics and its Applications, Harcourt College Publishers, 2000. (optional)

Schwartz, Barry, The Paradox of Choice: Why More is Less, Harper Collins 2003. (required)

Examinations, Homework, and Quizzes: There will be two in-term exams and a final exam. Several homework/problem sets/writing prompts/quizzes will be assigned during the semester.

Grading Policy: Each exam accounts for 30% of the course grade. The homework/problem set/writing/prompt/quizzes component of the course accounts for the remaining 10% of the grade.

A = 94 up to 100

A- = 90 up to 94

B+ = 87 up to 90

B = 84 up to 87

B- = 80 up to 84

C+ = 77 up to 80

C = 74 up to 77

C- = 70 up to 74

D+ = 67 up to 70

D = 60 up to 67

F = 0 up to 60

Attendance Policy: Attendance is required and will be recorded during each class. Students who miss more than three classes will lose one point from their final class average for each miss in excess of three.

Make-up Examination Policy: Make-ups will be permitted only with written support (approved by the instructor) of serious situations that preclude the student's ability to take the exam during the scheduled time.

### **Important Dates**

September 6 – Labor Day holiday-- no class

September 22th – Exam I

October 27—Exam II

November 24-26 Thanksgiving Recess

Final Exam- see schedule

### **Course Outline**

Week 1; August 23-27

;Chapter 1 Economic Models

Week 2; August 30- September 3

Chapter 2 Utility and choice

Week 3 – September 6-10

Chapter 3 Individuals' Demand

Chapter 4 Market Demand and Elasticity

Week 4- September 13-17

Chapter 5 Production

Chapter 6 Costs

Week 5 – September 20-24

Chapter 5/6 (cont.)

Sept. 22- Exam 1 Chapters 1-6

Week 6-- September 27- October 1

Chapter 7 Profit Maximization and Supply

Chapter 8 Perfect Competition

Week 7—October 4-8

Chapter 8 (cont.)

Chapter 9 Applying the Competitive Model

Fall Break – October 11-12

Week 8—October 13-15

Chapter 10 Monopoly

Week 9—October 18-22

Chapter 11 Imperfect Competition

Week 10 October 25-29

Exam 2; October 27 - Chapters 7-11

Week 11; November 1-5

Chapter 12 Strategy and Game Theory

Week 12; November 8-12

Chapter 14- Pricing in Input Markets

Chapter 13 General Equilibrium :

Week 13; November 15-19

Chapter 13 General Equilibrium (cont.)

Week 14; November 22-23

Catch-up & Current Events

Week 15; November 29-December 3

Assigned Review

Week 16; December 6

Assigned Review

Final – see schedule-- Comprehensive