

Economics 201
Intermediate Microeconomics
Fall 2006

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:

Mansfield, Edwin, and Gary Yohe. Microeconomics, 11th edition. W.W. Norton and Company, New York, 2004. ISBN 0-393-97918-0.

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

Grading Policy: Each exam accounts for 25% of the course grade. The homework/problem set/writing/prompt/quizzes/presentation component of the course accounts for the remaining 25% 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

August 30	Wednesday	Classes Begin
September 4	Monday	Labor Day Holiday
September 6	Wednesday	Last day for changing courses
September 25	Monday	Exam 1
September 27	Wednesday	Last day for dropping courses without academic penalty
October 9-10	Monday-Tuesday	Midsemester Break
October 18	Wednesday	Midterm reports due in the Office of Records and Registration
October 30	Monday	Exam 2
November 7-9	Tuesday-Thursday	Preregistration for spring semester
November 22-24	Wednesday-Friday	Thanksgiving recess
December 11-12	Monday-Tuesday	Physical education exam on last day of class
December 12	Tuesday	Classes End
December 13	Wednesday	Reading Day
December 15-16, 19-21	Thursday-Friday, Monday-Wednesday	Final exams

Course Outline

Week 1; August 30- September 1
Chapter 1. Microeconomics

Week 2: September 4-8 (Monday-Labor Day)
Chapter 2. Consumer Tastes and Preferences

Week 3; September 11-15
Chapter 3. Consumer Behavior and Individual Demand
Chapter 4. Derivation of the Market Demand Curve

Week 4; September 18-22

Chapter 5. Choices Involving Risk
Chapter 6. The Firm and Its Technology

Week 5; September 25-29
September 25 – Exam 1(Chapters 1-6)
Chapter 7. Optimal Input Combination and Cost Functions

Week 6; October 2-6
Chapter 8. Perfect Competition
Chapter 9. Applying the Competitive Model

Week 7; October 9-13 (Break Oct. 9-10)
Chapter 10. Monopoly

Week 8; October 16-20
Chapter 11. Monopolistic Competition
Chapter 12. Oligopoly and Game Theory

Week 9; October 23-27
Chapter 12 (cont.)
Chapter 13. Strategic Competition

Week 10; October 30-November 3
November 2 – Exam 2 (Chapters 7-13)

Week 11; November 6-10
Chapter 14. Price and Employment of Inputs
Chapter 15. Investment Decisions

Week 12; November 13-17
Chapter 16. General Equilibrium

Week 13; November 20-24 (Thanksgiving break 22-24)
Chapter 17. Asymmetric Information

Week 14; November 27-December 1
Chapter 18. Public Goods
Student Presentations

Week 15; December 4-8
Student Presentations

Week 16; December 11-12- review for final

