

Economics 201
Intermediate Microeconomics
Fall 2003

Instructor: Dr. Frank Maddox
Office Hours: MWF 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)

Examinations, Homework, and Quizzes: There will be three 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 20% of the course grade. The homework/problem set/writing/prompt/quizzes component of the course accounts for the remaining 20% 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 1 – Labor Day holiday-- no class

September 26th – Exam I

October 30—Exam II

November 26-28 Thanksgiving Recess

December 4—Exam III

Final Exam- see schedule

Course Outline

Week 1; August 28-29

;Chapter 1 Economic Models

Week 2; September 2-5

Chapter 2 Utility and choice

Week 3 – September 8-12

Chapter 3 Individuals' Demand

Chapter 4 Market Demand and Elasticity

Week 4- September 15-19

Chapter 5 Production

Chapter 6 Costs

Week 5 – September 22-26

Chapter 5/6 (cont.)

Sept. 26- Exam 1 Chapters 1-6

Week 6-- September 29- October 3

Chapter 7 Profit Maximization and Supply

Chapter 8 Perfect Competition

Week 7—October 6-10

Chapter 8 (cont.)

Chapter 9 Applying the Competitive Model

Week 8—October 15-17

Chapter 10 Monopoly

Week 9—October 20-24

Chapter 11 Imperfect Competition

Week 10 October 27- 31

Exam 2; Chapter 7-11 (October 30)

Week 11; November 3-7

Chapter 12 Strategy and Game Theory

Week 12; November 10-14

Chapter 14- Pricing in Input Markets

Chapter 13 General Equilibrium :

Week 13; November 17-21

Chapter 13 General Equilibrium (cont.)

Week 14; November 24-25

Catch-up & Current Events

Week 15; December 1-5

Exam III- December 4 (chapters 12-14)

Review for Final

Week 16; December 8-9

Review exam III and review for final

Final – see schedule-- Comprehensive