

Economics 201.2A  
Intermediate Microeconomics  
Spring 2011

Instructor: Frank Maddox  
318 Seney Hall  
Phone-784-8357  
Office Hours: M-Th: 1:00-2:00 p.m..

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. We will use “iclicker” personal response devices—the iclicker will be used to record attendance, monitor class participation, and enhance engagement during the class.

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

Texts/Other Materials to be Purchased by Student:

Perloff, Jeffrey M., *Microeconomics: Theory and Applications with Calculus*, Pearson/Addison-Wesley, 2008. ISBN-13: 978-0-321-27794-7.

Aplia On-Line Homework: **Course Key:** DEP9-GATV-FB6Q

Students are required to purchase an iclicker.

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.

An on-line homework product, Aplia, will provide students practice with the models encountered in the course and quick feedback regarding their proficiency with the models.

Grading Policy: Each exam accounts for 28% of the course grade. The homework/problem set/other component of the course accounts for the remaining 16% 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 two classes will lose one point from their final class average for each miss in excess of two.

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

January 12 Wednesday Classes Begin

January 17 Monday Martin Luther King Jr. holiday

January 19 Wednesday Last day for changing courses

March 4 Friday Last day for dropping courses without academic penalty

March 7-11 Monday-Friday Spring recess

April 26 Tuesday Classes End

April 27 Wednesday Reading Day  
April 28-29 Exams

Course Outline

Week 1; January 12-15

Chapter 1. Introduction

Week 2: January 17-21

Chapter 2. Supply and Demand

Week 3; January 24-28

Chapter 3. A Consumer's Constrained Choice

Chapter 4. Demand

Week 4; January 31-February 4

Chapter 5. Consumer Welfare and Policy Analysis

Chapter 6. Firms and Production

Week 5; February 7-11

Chapter 7. Costs

Week 6; February 14-18

Exam 1 (Chapter 1-7)- February 16<sup>th</sup>

Chapter 8. Competitive Firms and Markets

Week 7; February 21-25

Chapter 9. Properties and Applications of the Competitive Market

Chapter 11. Monopoly

Week 8; February 28<sup>th</sup> – March 4

Chapter 12. Pricing and Advertising

Week 9; March 7-11-- Spring Break

Week 10; March 14-18

Chapter 13. Oligopoly and Monopolistic Competition

Week 11; March 21-25

Exam 2 March 23<sup>rd</sup> (Chapters 8-9,11-13)  
Chapter 14. Game Theory

Week 12; March 28-April 1  
Chapter 15. Factor Markets

Week 13; April 4-8  
Chapter 17. Externalities, Open Access, and Public Goods

Week 14; April 11-15  
Chapter 18. Asymmetric Information

Week 15; April 18-22  
Chapter 10. General Equilibrium and Social Welfare

Week 16; April 25-26

April 27 – Reading Day

Final Exam – see final exam schedule