

Economics 201
Intermediate Microeconomics
Fall 2000

Instructor: Dr. Frank Maddox
318 Seney Hall
770-784-8357
Office Hours: M-F 1:00-2:00

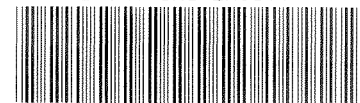
Course Description: Econ 201 deals with contemporary microeconomic theory. Building upon concepts developed in the principles level course, Econ 201 formalizes the theory using mathematical as well as graphical analysis. The course is designed for students who wish access to material covered in higher 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.

Resource markets are examined with special emphasis upon labor markets. Finally, general equilibrium analysis allows the student to observe the interdependence of the different markets examined in isolation during the semester. The course also examines different situations in which market failure provides justification for various types of government intervention.

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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 which 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 which 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.

Text Required to be Purchased by Student:

Browning, Edgar K., and Zupan, Mark A., Microeconomic Theory and Applications, 6th edition. Addison Wesley 1999.

Examinations, Homework, and Quizzes: There will be three exams. The third exam which will be given during the final exam schedule will be somewhat comprehensive. Homework/problem sets/quizzes will be assigned during the semester. No late homeworks/problem sets will be accepted. This is a writing intensive course- approximately 30 pages of evaluated writing will be generated during the semester. Most of that writing will comprise a research paper which students will report upon during the final week of the semester.

Grading Policy: Each exam accounts for 22% of the course grade. Homeworks/quizzes are worth 10% of the course grade. Exams and homeworks/quizzes will be graded numerically. Graded writing will account for the remaining 24% of the grade. Numerical averages will be converted into a final letter 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 which preclude the student's ability to take the exam during the scheduled time.

Honor Code – Students are asked to re-read the honor code before taking this course. There will be no tolerance of academic misconduct.

Important Dates

September 4 – Labor Day Holiday

September 26 – Exam I

October 4 – Last day for dropping courses without academic penalty

October 16-17 – Mid-semester Break

October 31 – Exam II

November 22-24 – Thanksgiving Break

December 18 (9:00-12:00)– Exam III

Course Outline

August 31

Chapter 1 - An Introduction to Microeconomics

September 4-8

Chapter 2 - Supply and Demand

September 11-15

Chapter 3 - The Theory of Consumer Choice

Chapter 4 – Individual and Market Demand

September 18-22

Chapter 5 - Using Consumer Choice Theory

Chapter 6 - Production

September 25-29

Chapter 7 – The Costs of Production

Exam 1 – September 28, Chapters 1-6

October 2-6

Chapter 8 - Perfectly Competitive Markets

Chapter 9 – Using the Competitive Model

October 9-13

Chapter 10 - Monopoly

Chapter 11 - Pricing with Monopoly Power (selected topics)

October 19

Chapter 12 - Monopolistic Competition and Oligopoly

October 23-27

Chapter 13 – Game Theory

October 30-November 3

Exam 2 Chapters 7-12

Chapter 14- Using Noncompetitive Market Models

Chapter 15 – Employment and Pricing of Inputs

November 6-10

Chapter 16 - Wages, Rent, Interest, and Profit

Chapter 17 – Using Input Market Analysis

November 13-17

Chapter 18 - General Equilibrium

November 21

General Equilibrium – continued

November 27-December 1

Chapter 19 - Public Goods & Externalities (selected topics)

December 4-8

Student Reports

December 12

Review

December 18 - Final Exam - Chapters 13-19