

# Economics 231: Intermediate Microeconomics

MTWRF, 01:10pm - 03:00pm, 6/7/11-7/8/11  
Buttrick Hall 301

Department of Economics  
Vanderbilt University  
Summer 2011

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## Course Description:

This course is intended as an introduction to the study of firms and individuals in their economic roles. Primary attention will be given to developing the basic microeconomic tools essential for more advanced economics courses. As such, the approach will be fairly rigorous and mathematical. A basic course in calculus is required, but students who do not feel comfortable with these techniques may wish to spend some time reviewing. By the end of the semester, students should be able to figure out the policy implications of various government initiatives and be intelligent, critical readers of popular economics such as articles in *The Economist* and *The Wall Street Journal*.

## Prerequisites:

The courses ECON 101 and MATH 150 are prerequisites for this course. It would be helpful to have taken MATH 175. We will briefly review the necessary mathematical tools in the first class. It is critical to have a working knowledge of these tools as the course depends heavily on them.

## Textbook:

- [L] *Price Theory and Applications* by Steven E. Landsburg, South-Western College Pub; 8th edition, 2011 (or any other edition).
- [V] *Intermediate microeconomics: a modern approach* by Hal R. Varian, W. W. Norton & Company; 8th edition, 2010 (or any other edition).

## You are suggested to choose one of the two books, according to your interest and background.

- [L] uses less mathematics (although the author is a PhD in mathematics), but provides many thought-provoking discussion on both theories and practical issues. Many examples involve discussion on politics, sociology and philosophy etc. It is highly recommended for students who are interested in applications of microeconomics theory, but have less math background.
- [V] is a classical textbook for intermediate microeconomics. It provides a lot of mathematical treatment of microeconomic theory, but few real-life applications. It is highly recommended for students who have taken advanced calculus or equivalent math courses, and/or are interested in theoretical economics. It serves as a good reference book for other economics courses as well.

We will use materials from both books in a unified framework. More specifically, we will use the rigorous math tools introduced by [V] to solve a lot of theoretical and/or practical problems from both [L] and [V]. Supplements will be provided to bridge them.

I suggest that you review the textbook chapters before the lecture on a given subject. As you read, focus on the major concepts and examples; if anything is unclear, make it a point to ask for clarification in class. This familiarity with the material will make our lectures much more productive and educational for you.

### **Mechanics:**

Grading will be based on two quizzes, one midterm and one final. Each quiz is worth 15%, the midterm 30%, the final 35%, and a presentation 5% of the total. I will also distribute several problem sets for practice (with answers given later). In my experience, the best way to learn economics is to practice doing problems. I encourage you to work together to solve the problems and in studying for the exams.

**In addition, neither make-up exams nor alternate final exams will be offered.** It is simply impossible to produce two exams of equal difficulty, and it is therefore not a fair procedure. Grading will be done based on the following:

90~100	85~89.9	80~84.9	75~79.9	70~74.9	65~69.9	60~64.9	0~59.9
A	A-	B+	B	B-	C+	C	F

### **Office hours:**

I will be holding **office hours from 3pm to 3:30pm every day after class in Buttrick Hall 308.** Please note that questions about the practice problems or exams will not be answered via email. If you need help, please come to office hours or review sessions.

# Tentative Course Schedule

~ June 2011 ~						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
<b>5</b>	<b>6</b>	<b>7</b> <b>Introduction and Math Review</b>	<b>8</b> Demand, Supply and Equilibrium ( <b>L.Chapter 1</b> )  Price, Cost and Gains from Trade ( <b>L.Chapter 2</b> )  <b>V.Chapter 1</b>	<b>9</b> Preferences and Utility Functions ( <b>L.Chapter 3, V.Chapter 3&amp;4</b> )	<b>10</b> Budget Constraints and Optimal Choice ( <b>L.Chapter 3, V.Chapter 2&amp;5</b> ) Consumers in the Marketplace ( <b>L.Chapter 4, V. Chapter 6</b> )	<b>11</b>
<b>12</b>	<b>13</b> Consumers in the Marketplace ( <b>L.Chapter 4, V. Chapter 6</b> )	<b>14</b> Theory of firms ( <b>L.Chapter 5&amp;6, V.Chapter 18~21</b> )  <b>Review for Theory of Consumers</b>	<b>15</b> Theory of firms ( <b>L.Chapter 5&amp;6, V.Chapter 18~21</b> )	<b>16</b> <b>Quiz 1 (in class, Theory of Consumers, L.Chapter 1~4)</b>  Theory of firms ( <b>L.Chapter 5&amp;6, V.Chapter 18~21</b> )	<b>17</b> Competition ( <b>L.Chapter 7, V. Chapter 16, 22&amp;23</b> )	<b>18</b>
<b>19</b>	<b>20</b> Competition ( <b>L.Chapter 7, V. Chapter 16, 22&amp;23</b> )  <b>Review for Theory of Firms</b>	<b>21</b> Welfare Economics ( <b>L.Chapter 8&amp;9, V. Chapter 14</b> )	<b>22</b> Welfare Economics ( <b>L.Chapter 8&amp;9, V. Chapter 14</b> )	<b>23</b> <b>Mitem (in class, Theory of Consumers and Firms L.Chapters 1~7)</b>	<b>24</b> Welfare Economics ( <b>L.Chapter 8&amp;9, V. Chapter 14</b> )  Review	<b>25</b>
<b>26</b>	<b>27</b> Monopoly ( <b>L.Chapter 10</b> ) <b>V.Chapter 24&amp;25</b>	<b>28</b> Market Power (Monopoly) ( <b>L.Chapter 10</b> ) Market Power (Others) ( <b>L.Chapter 11</b> )  <b>V.Chapter 24&amp;25</b>	<b>29</b> Market Power (Others) ( <b>L.Chapter 11</b> ) <b>V.Chapter 24&amp;25</b>	<b>30</b> <b>Quiz 2 (in class, L.Chapter 8&amp;9)</b> Market Power (Others) ( <b>L.Chapter 11</b> ) <b>V.Chapter 24&amp;25</b>		

~ July 2011 ~

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1 Presentation & Review	2
3	4 Independence Day Break	5 Presentation & Review	6 Presentation & Review	7 Presentation & Review	8 Final (1pm~3pm, all chapters)	9