Intermediate Microeconomics  
Time: 1245-1335  Room: PION 101

Instructor: Eric Schuck, Ph.D.  
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Office Hours:  
0930-1030 MTuWTh  
1400-1530 MTuWTh  
By Appointment

Textbook: Intermediate Microeconomics, 8th Ed.  
Hal Varian  
Norton  

Selected Readings and Handouts provided by the Instructor

Course Description: This course expands on concepts introduced in ECON 210 to provide a more complete understanding of the choices and decisions faced by individual consumers and firms. Specific attention is focused on derivation of market demand and supply from the individual consumer or producer, the importance of marginal utility, different forms of elasticities, concepts of production and cost, product pricing and output, market structures, pricing and employment of resources, income distribution, general equilibrium, and welfare economics.

Linfield Curriculum Designation: This course does not hold a designation within the Linfield Curriculum beyond its role in the Economics major and minor.

Pre-Requisites: ECON 210 or equivalent and MATH 140 or MATH 160 or equivalent.

Course Objective: At the end of this course, students should have an expanded ability to derive market level demand and supply from the decisions of primary economic agents, and will have the ability to analyze the performance of these markets using different measures of consumers’ surplus, producers’ surplus, and elasticities. To achieve this, students will be expected both to develop and to analyze basic models of utility maximization, cost minimization, and profit maximization both mathematically and graphically. Students will be able to analyze both welfare and equilibrium impacts of changes in underlying parameters in both a static and dynamic setting. Lastly, students will be able to understand the importance of market structure to both welfare and equilibrium.

As part of developing a more complete understanding of the problems facing individual consumers and firms, students will also develop the following general proficiencies:

1) Gain access to economic knowledge. Through the completion of the assigned readings and homeworks students will be required to locate and utilize published economics information;
2) **Display command of existing economic knowledge.** Through the completion of examinations, the optimization project, homework assignments, and participation in class discussions, students will be required to explain and to apply theoretical concepts fundamental to microeconomic analysis;

3) **Utilize economic knowledge to explain economic issues.** Through completion of the optimization project and homework assignments, students will analyze the problems facing consumers and firms in a theoretical framework intended to develop and reinforce a fundamental understanding of microeconomic theory;

4) **Create new economic knowledge.** Through completion of the microeconomic optimization project, students will utilize newly learned microeconomic theory skills to develop optimal decisions for either producers or consumers and to explain why and under what circumstances these decisions are optimal, and how the underlying parameters defining the problem influence the optimal outcomes.

**Tentative Course Outline:**

**Section 1: Consumer Theory**

1. Intro: The Market
   READINGS: HV, Ch. 1

2. Budget Constraint
   READINGS: HV, Ch. 2

3. Preferences
   READINGS: HV, Ch. 3

4. Utility
   READINGS: HV, Ch. 4

5. Choice
   READINGS: HV, Ch. 5

6. Demand
   READINGS: HV, Ch. 6

7. Revealed Preference
   READINGS: HV, Ch. 7

8. Slutsky Equation
   READINGS: HV, Ch. 8

9. Intertemporal Choice
   READINGS: HV, Ch. 10

10. Consumer’s Surplus
    READINGS: HV, Ch. 14

11. Market Demand
    READINGS: HV, Ch. 15

12. Equilibrium
    READINGS: HV, Ch. 16

**Section 2: Firm Theory**

13. Profit Maximization
    READINGS: HV, Ch. 19

14. Cost Minimization
    READINGS: HV, Ch. 20

15. Cost Curves
    READINGS: HV, Ch. 21

16. Firm Supply
    READINGS: HV, Ch. 22

17. Industry Supply
    READINGS: HV, Ch. 23

18. Monopoly
    READINGS: HV, Ch. 24

19. Monopoly Behavior
    READINGS: HV, Ch. 25

20. Factor Markets
    READINGS: HV, Ch. 26

21. Oligopoly
    READINGS: HV, Ch. 27

**Section 3: Other Topics**

22. Externalities
    READINGS: HV, Ch. 34

23. Public Goods
    READINGS: HV, Ch. 36

24. Asymmetric Information
    READINGS: Ch. 37

25. Behavioral Economics
    READINGS: Ch. 30
**Course Evaluation:** Grades in the course will be determined through a combination of in-class quizzes, periodic homework, midterm and final examinations, and an economic journal writing project. Weighting will be as follows:

- **Homeworks:** 15%
- **Optimization Project:** 20%
- **Quizzes:** 20%
- **1 Midterm Exam:** 20%
- **Final Exam:** 20%
- **Reflective Essay:** 3%
- **Course Participation:** 2%

The midterm exam will be announced two weeks prior to the date upon which the exam will be held; one or two quizzes will be held in the weeks prior to the midterm or final to prepare students for these examinations. The optimization project will be explained in more detail later, but will involve creating a firm-level production or consumer-level consumption problem and solving for both the optimal choices by either agent. Homework will generally be quite brief, and will be used to determine if students understand a particularly difficult topic without the stress of an exam. Final grades will be determined as follows: 100% $\geq$ A $\geq$ 90%; 90 $> B \geq 80$%; 80 $> C \geq 70$%; 70 $> D \geq 60$; 60 $> F$. This grade distribution may use +/-’s or be moved downward at the instructor’s discretion.

**COMMENTS:**

1. The final exam is non-cumulative and may not be rescheduled. It is scheduled for this room, Wednesday, May 25th at 1300.
2. Late work will be accepted only with the prior approval of the instructor. Exceptions will be made for emergencies and regularly scheduled College events, but it is the student’s responsibility to notify the instructor in a timely and efficient manner. Unless otherwise indicated, all work is due no later than 2359 on the assigned due date.
3. Course material will be distributed via the course e-mail list when and as it is completed. Do not ask for course material prior to the topic being covered in lecture. Lecture material is intended to supplement and to clarify materials in the book and is not a substitute for the book.
4. Dr. Schuck is an officer in the Naval Reserve. This may require rescheduling of portions of the class, and your forbearance is greatly appreciated.
5. The instructor tends to give assignments with relatively brief instructions. If you are in the least bit confused, do not hesitate to ask for clarification or to ask for a review of your work prior to turning it in for final evaluation.
6. Cell phones, PDA’s, iPods, and other electronic devices will be turned off during the class. Failure to comply with this policy will result in the confiscation and potentially the destruction of the offending device.
7. Learning is a collaborative process and you are encouraged to cooperate with your fellow students in your coursework where appropriate. However, you should be aware that this course strictly adheres to the college policy on academic honesty, as published in the Linfield College Course Catalog. This means you are ultimately responsible for your own work and neither cheating nor plagiarism, as defined in the College Catalog, will be tolerated. Incidents of cheating or plagiarism will be reported to the relevant College authorities, will result in a failing grade for the assignment or evaluation in question, and may result in a failing grade for the course. The instructor reserves the right to keel haul offenders.
8. Students with disabilities are protected by the Americans with Disabilities Act and Section 504 of the Rehabilitation Act. If you are a student with a disability and feel you may require academic accommodations contact Cheri White, Assistant Director of Learning Support Services (LSS), within the first two weeks of the semester to request accommodations. LSS is
located in Walker 124 (503-883-2444). You are also strongly encouraged to communicate with the instructor about any accommodations and/or any special needs you may need during your time in this class.