**Intermediate Price Theory**

**ECON 301**

**Credit hours: 3**

**Grading: A/B/C/D/F**

**Class meeting time(s): T/TH: 9:30-10:50**

**Prerequisite Course(s): MATH 201 and ECON 163**

**LAC/Gen Ed designation: None**

**Instructor:**  David Youngberg

**Contact Information:** dyoungberg@bethanywv.edu

  x7970

**Office Location:** Morlan 105

**Office Hours:**  Monday - Thursday: 11:30AM-2:00PM

**Website:** http://www.dyoungberg.com

**I. Rationale:**

This course is the first of two upper-level microeconomics courses. Microeconomics is the foundation of all fields of economics with the possible exception of Macroeconomics. Therefore, if you understand the material of this course and ECON 304, you should be able to learn all other economics courses without much problem.

**II. Course Description:**

Intermediate Price Theory is a study of consumer behavior, demand analysis, market development, output determination, cost analysis, and pure and imperfect competition. The course includes exposure to mathematical constructs.

**III. Student Learning Outcomes**

By the end of the semester, the students will be able to:

1. Calculate elasticities of various types and understand what the results mean
2. Be able to manipulate and understand indifference curves and budget constraints
3. Understand the equimarginal principle
4. Understand how individuals adjust for risk
5. Manipulate and understand the isoquant/iso-cost diagram
6. Understand the difference between fixed, sunk, and variable costs
7. Understand economies of scope and economies of scale
8. Understand the workings of a perfectly competitive industry and of a monopoly
9. Understand how price controls, taxes, subsidies, and quotas affect the market.

**IV. Format and Procedures:**

This course is made up mostly of lecture with class discussion and class activities to underline important concepts. Class discussion is paramount to the class, since I find interaction of this sort particularly valuable in understanding the economic ideas and how they fit into the world.

**V. My Assumptions:**

I assume you have a basic curiosity about the world around you. I assume you remember the material from this course’s prerequisites. I assume you will do the indicated readings.

**VI. Course Requirements:**

*Late Work Policy*

Assignments will not be accepted after the answers have been posted on the website. Since all exam dates are listed here, you will be expected to attend. Failure of attendance results in a zero for the exam. Exceptions will only be made in extreme circumstances (such as a death in the family) and in those cases written proof (such as a death certificate) must be presented.

*Course readings*

In addition there is a textbook. I have a love-hate relationship with textbooks. They are useful to some students, but rendered redundant by the actual class to others. I’m suggesting you use *Microeconomics* by Robert Pindyck and Daniel Rubinfeld. For convenience I indicate which chapters correspond to which lecture. Bear in mind that what I cover is not always the same thing as what they cover; the two are not perfect substitutes.

There is also a reading outside of the assigned book: an essay by F.A. Hayek. ***Do not neglect it.***

*Calculators*

I will not permit use of graphing calculators or any other calculator which can store equations. The HP 10B and the TI BA II Plus are acceptable in all courses in the Department of Economics and Business. The former is the preferred calculator.

**VII. Grading, Evaluation and Assessment Procedures, including Grading Scale:**

*Weighting of Assignments*

|  |  |
| --- | --- |
| **Assignment** | **Points or Percentage** |
| Homework | 1.25% each (10% total) |
| Exams | 20% each, lowest is 15% (55% total) |
| Final | 25% |
| Participation | 10% |

*Homework.* There will be a total of eight homework assignments each covering the recent lectures. They must be ***typed*** and ***stapled*** to be accepted. Staples may be purchased on the day the assignment is due for twenty-five cents each.

*Exams*. The three exams will comprise of short answer and multiple choice and they will closely emulate the homework assignments. Since all exam dates are listed here, you will be expected to attend. Failure of attendance results in a zero for the exam. Exceptions will only be made in extreme circumstances (such as a death in the family) and in those cases written proof (such as a death certificate) must be presented.

*Final*. The final is comprehensive. I suggest you review past exams to help prepare.

*Participation*. I’m a strong believer that people learn best if they speak up. It’s a good rule not just for learning but for life in general. However because there’s a lot of material to cover, we cannot always have an in depth class discussion. Thus the expectations for participation reflect that—a substantive comment or question once a week will fulfill the requirement just fine.

*Grading Scale (points or percentage needed for specific grades)*

A+ (98+)

A (97.99-92) A- (91.99-90)

B+ (89.99-88) B (87.99-82) B- (81.99-80)

C+ (79.99-78) C (77.99-72) C- (71.99-70)

D+ (69.99-68) D (67.99-62) D- (61.99-60)

F (59.99-0)

**VIII. Academic Honesty**

Each student in this course is expected to abide by the Bethany College Policy on Academic Honesty (see College Catalogue section on Academic Honesty). Any work submitted by a student in this course for academic credit will be the student's own work.

**IX. Behavioral Expectations, Classroom Etiquette**

You will turn off cell phones during exams and during class. Keep disruptions (e.g. side conversations) at a minimum (aka zero).

**X. Electronic Communication and Course Management**

Students are expected to check their campus e-mail accounts daily. Course changes, suggestions for study, new bibliography, etc. will be posted by campus e-mail.

**XI. Accommodations for students with disabilities**

In compliance with the Bethany College policy and equal access laws, I am available to discuss appropriate academic accommodations that may be required for students with disabilities. Requests for academic accommodations are to be made during the first three weeks of the semester, except for unusual circumstances, so arrangements can be made.

**XII. Tentative Course Schedule:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Topic** | **Reference** | **Due** |
| 08/28 | Introduction & a big idea | 1 |  |
| 08/30 | Elasticity I | 2 |  |
| 09/04 | Elasticity II | 2 |  |
| 09/06 | Price controls and production quotas | 9 & 18 | H1 |
| 09/11 | Tariffs and trade | 9 |  |
| 09/13 | Taxes and subsidies | 9 |  |
| 09/18 | Indifference curves | 3 | H2 |
| 09/20 | **Exam 1 (08/28-09/13)** |
| 09/25 | Budget constraints | 3 |  |
| 09/27 | Individual demand | 4 |  |
| 10/02 | Substitution and income effects | 4 | H3 |
| 10/04 | Constrained optimization | 4 |  |
| 10/09 | Risk | 5 |  |
| 10/11 | Production with one input, MPL | 6 | H4 |
| 10/16 | **Exam 2 (09/18-10/09)** |
| 10/18 | Isoquants, MRTS | 6 |  |
| **10/23** | **No Class—Midterm Break** |
| 10/26 | Isocosts and optimality | 7 |  |
| 10/30 | Economies of scope and scale | 7 | H5 |
| 11/01 | Cost minimization | 7 |  |
| 11/06 | The use of knowledge | <http://www.econlib.org/library/Essays/hykKnw1.html> |  |
| 11/08 | Types of costs | 7 | H6 |
| 11/13 | **Exam 3 (10/11-11/06)** |
| 11/15 | Competitive model | 8 |  |
| 11/20 | **No Class—Thanksgiving Break** |
| 11/22 |
| 11/27 | Short and long run decisions | 8 |  |
| 11/29 | Monopoly model | 10 | H7 |
| 12/04 | Sources of monopoly and rent seeking | 10 |  |
| 12/06 | Insiders, outsiders, and antitrust |  |  |
| 12/11 | Review |  | H8 |
| 12/13 | **Final (8am-10am)** |

**Note: This syllabus is subject to change at the discretion of the Professor.**