

BSE 3210
INTERMEDIATE MICROECONOMICS
READING GUIDE
11:45 AM - 12:50 PM
MWF

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BSE 3210
INTERMEDIATE MICROECONOMICS
READING GUIDE

Required Text:

- Walter Nicholson and Christopher Snyder, Intermediate Microeconomics and Its Application, 10th Edition, Thompson South-Western, Mason, Ohio, 2007.

NOTE: The following text will be assigned in class. It is available on the internet

- Clark Lee Allen, Elementary Mathematics of Price Theory, Wadsworth Publishing Co., Belmont, California, 1962.
- *The Wall Street Journal*

The Nature of the Course

Economics 3210 is an intermediate level course in microeconomics with applications to current and past problems and issues. The course approaches uses a quantitative and mathematical approach, and is normally taken by students who have completed introductory economics courses. Students will learn basic calculus, and will be expected to apply mathematical methods in solving both practical as well as theoretical problems in business and economics.

The concept of the market is the fundamental link between the topics of price determination, production and cost, the behavior of consumers and business firms, distribution of resources and goods and services, and economic welfare. The study of microeconomics focuses on the analysis of situations involving choice and decision-making.

Economics is the social science which studies how scarce; productive resources are allocated in order to satisfy unlimited wants, over time. Microeconomics is that branch of economics which studies the behavior of individual economic units, consumers and business firms, for example. These economic units participate in markets, and each is assumed to attempt to maximize satisfaction (utility) and profits, respectively. However, each unit is constrained by income (or a budget) and prices. Analysis of behavior takes the form of "constrained optimization."

As mentioned above, the market is concept which is essential to the study of microeconomics. The market provides the basic economic context for buyers and sellers to engage in the process of exchange. The market provides for the exchange of goods and services as well as for the exchange of productive resources. It is the basis of microeconomics.

Students are expected to read *The Wall Street Journal* daily.

Course Format

Lectures will provide the format for the course. Class notes are very important. Topics are based on the schedule which appears on the following page. Students are expected to attend each class, prepared to work problems, and to participate in class discussions. Excessive, undocumented absences (three or more) are likely to lower the student's final grade.

Examinations and Grading

Three examinations weighted at 20% each along with a final examination weighted at 40% will be given. Any make-up examinations are given at the discretion of the instructor. Quizzes should also be expected and may help to determine the student's final grade.

FOR ALL STUDENTS IN BSE 3210:

Students with Disabilities:

Students with disabilities who believe that they may need accommodations in this class are encouraged to contact the Center for Academic Services at 773-244-5737, advising@northpark.edu, or stop by the office located on the 2nd floor of the Student Services Building. Please do so as soon as possible to better ensure that such accommodations are implemented in a timely manner. For further information please review the following website: <http://www.northpark.edu/ada>

Academic Honesty:

In keeping with our Christian heritage and commitment, North Park University and the School of Business and Nonprofit Management are committed to the highest possible ethical and moral standards. Just as we will constantly strive to live up to these standards, we expect our students to do the same. To that end, cheating of any sort will not be tolerated. Students who are discovered cheating are subject to discipline up to and including failure of a course and expulsion.

Our definition of cheating includes but is not limited to:

1. Plagiarism—the use of another's work as one's own without giving credit to the individual. This includes using materials from the internet.
2. Copying another's answers on an examination.
3. Deliberately allowing another to copy one's answers or work.
4. Signing an attendance roster for another who is not present.

In the special instance of group work, the instructor will make clear his/her expectations with respect to individual vs. collaborative work. A violation of these expectations may be considered cheating as well.

For further information on this subject you may refer to the Academic Dishonesty section of the University's online catalog.

In conclusion, it is our mission to prepare each student for a life of significance and service. Honesty and ethical behavior are the foundation upon which such lives are built. We therefore expect the highest standards of each student in this regard.

Learning Objectives

1. Students will understand and apply the concepts of supply, demand, market equilibrium.
2. Students will learn the importance of the process of resource allocation in a market economy.
3. Students will be able to relate the firm's production decisions to the concept of cost.
4. Students will be able to apply the various concepts of elasticity: price, income, and cross elasticity to a firm's strategies in the market.
5. Students will acquire an understanding of the structure of markets and industries.
6. Students will learn how to analyze the behavior and choices made by consumers in markets using indifference curve analysis.
7. Students will be able to derive the rule for and apply the concept of profit maximization for firms.
8. Students will learn the importance of economic time periods as they relate to production, cost, and market decisions.
9. Students will understand and apply models of business strategy and game theory to managerial decision making.
10. Students will understand how the study of microeconomics can provide a strong set of analytical tools for ethical managerial decision-making.

Weekly Topics, Text Readings, and Examination Schedule

Problems and questions from the texts will be assigned in class

ASSIGNMENTS		
Week(s)	Nicholson and Snyder	Allen
1	Chapters 1	Chapters 1 - 5
	Introduction to mathematical methods in Economics. Basic economic concepts and models: supply and demand, production possibilities.	
2	Chapter 4, 18 pp. 276 – 282, 297 – 310 pp. 325 - 343 pp. 358 - 362	Chapters 6 - 7, 13
	Calculus and the rules of differentiation; maximum and minimum points. Supply, demand, and market equilibrium; Marshallian and Walrasian equilibrium; consumers' and producers' surplus; budget constraints and demand; utility and consumer choice; price ceilings and price floors; tax incidence; the effects of tariffs; externalities and public goods.	
3	continue	Chapters 8, 9, 12, 16, 17
	Higher derivatives; partial derivatives; homogeneous functions. Price elasticity, income elasticity, and cross elasticity.	
4	continue	Chapters 14, 15, 18
	The relationship between price, total revenue, marginal revenue, and price elasticity of demand; pricing strategy for firms.	
5	EXAMINATION 1	

Problems and questions from the texts will be assigned in class

ASSIGNMENTS		
Week(s)	Nicholson and Snyder	Allen

6	Chapters 2, 3	Chapter 19
	<p>The analysis of consumer behavior: Classical utility approach and the Indifference curve approach; applications of indifference curve analysis; optimization problems; the Lagrangian multiplier method.</p>	
7	Chapters 7, 8	Chapters 10, 20
	<p>Production and cost; types of production functions; how production relates to cost; homogeneous production functions; Classical and Cobb-Douglas functions; increasing, diminishing, and constant returns; returns to scale; the Lagrangian multiplier method.</p>	
8	continue	
9	Chapters 9	Chapter 7
	<p>Revenue and cost functions; revenue maximization; profit maximization</p>	

10	EXAMINATION 2	
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11	Chapters 10, 11	
	<p>The model of perfect competition; profit maximization; the short run and the long run.</p>	
12	Chapters 13, 14	Chapter 7
	<p>Market structures and models of imperfect competition: monopolistic competition, oligopoly, and monopoly.</p>	
13	Chapters 6, 15, 16, 18	Chapter 21
	<p>Porter's five forces and competitive strategy Optimization problems; linear programming Game theory. Risk and uncertainty Present value and future value Externalities</p>	

ASSIGNMENTS		
Week(s)	Nicholson and Snyder	Allen

14	EXAMINATION 3	
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15	Review	Review
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16	FINAL EXAMINATION	
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