

University of Hawaii at Manoa
Department of Economics

**Intermediate Microeconomics
ECON 301 (Section 001), Spring 2009
MW 1:30-2:45 PM Kuykendall 307**

Instructor: Nori Tarui Office: Saunders 518
Phone: 956-8427 Email: nori@hawaii.edu
Office Hours: MW 3:00PM-4:00PM and by appointment.

Course Description

Individuals, firms, governments and other institutions face decision-making problems on a daily basis given various resource constraints. Microeconomics describes the trade-offs faced by these decision makers in trying to get the most out of their limited resources. We will discuss the concept of optimal trade-offs as they relate to individuals and to groups within the economy. We will also examine the consequence of interactions among consumers, firms, and the government in a market economy.

Learning Objectives

- **[Master economists' way of thinking]** Learn basic analytical tools of economics—in particular, the economic models of (1) household's decision making regarding consumption and saving; (2) producers' decision making regarding input and output choice; and (3) competitive and non-competitive markets.
- **[When markets succeed and fail]** Learn about the conditions under which market interactions lead to efficiency; what happens when these conditions fail (theories of market failure); and how to explain current social issues using these theories.
- **[Apply economists' way of thinking]** Learn how to apply the analytical tools to a wide range of contemporary social issues.

Prerequisites

Students should have completed ECON 130 Principles of Microeconomics.

Course Materials

Required textbook: *Microeconomics*, 7th edition, by Pindyck and Rubinfeld, 2007, Pearson Prentice Hall, available at the UH Bookstore.
ISBN: 0136098473 (**NOTE:** Several different ISBN's are associated with Pindyck's textbook. The above is the one with free access to MyEconLab.)
Textbook website: www.prenhall.com/pindyck
Required assignment includes online supporting materials at MyEconLab*

To access resources at MyEconLab, you need to register for an account at <http://www.myeconlab.com>. In the first week of class, I will provide you with an instruction sheet as well as a course key so that you can register.

Grade determination

Problem sets, occasional quizzes*	30%
First midterm exam (Early October)	20%
Second midterm exam (Mid November)	20%
Final exam (December 18 Friday, 2:15-4:15PM)	30%

*The worst two scores of your problem sets will not count towards the final grade.

Notes on grading

- Course attendance and participation will be considered for the borderline cases.
- Grades will be based on the UHM plus/minus grading system.
- The instructor reserves the right to determine the cutoff points for the grading scale.
- **There are NO MAKEUP EXAMS** except under extraordinary circumstances.

Course Schedule

We will follow the textbook by Pindyck and Rubinfeld.

I: INTRODUCTION: MARKETS AND PRICES.

1. Preliminaries.
2. The Basics of Supply and Demand.

II: PRODUCERS, CONSUMERS, AND COMPETITIVE MARKETS.

3. Consumer Behavior.
4. Individual and Market Demand.
5. Uncertainty and Consumer Behavior.
6. Production.
7. The Cost of Production. (7.1-7.4)
8. Profit Maximization and Competitive Supply.
9. The Analysis of Competitive Markets.

III: MARKET STRUCTURE AND COMPETITIVE STRATEGY.

10. Market Power: Monopoly and Monopsony.
11. Pricing with Market Power. (11.1-11.3)
12. Monopolistic Competition and Oligopoly.

13. Game Theory and Competitive Strategy.

IV: INFORMATION, MARKET FAILURE, AND THE ROLE OF GOVERNMENT.

16. General Equilibrium and Economic Efficiency.

18. Externalities and Public Goods.

17 Markets with Asymmetric Information (if we have time).

We will skip chapters 14 (Markets for Factor Inputs) and 15 (Investment, Time, Capital Markets).

Disability Access

If you feel you need reasonable accommodations because of the impact of a disability, please: (1) contact the KOKUA Program (V/T) at 956-7511 or 956-7612 in room 013 of the QLCSS (Queen Lili'uokalani DCenter for Student Services); (2) speak with me privately to discuss your specific needs. I will be happy to work with you and the KOKUA Program to meet access needs related to a documented disability.