

TOWSON UNIVERSITY

Economics 309.001
Intermediate Price Theory
Fall 2006

Dr. John B. Egger
Stephens 101-D jegger@towson.edu
410-704-2951; OH: 2-3 MW, 11-12 F
<http://towson.edu/~egger/>

SYLLABUS

PURPOSE: Microeconomic theory (“price theory”) is economic theory. Other courses simply apply it to particular matters of interest: markets for human labor, sports, natural resources... even questions normally considered macroeconomic (such as inflation and unemployment) are properly approached only through microeconomic theory. This course builds on ECON 201/203 and much of it is intended simply to reinforce and strengthen your understanding of what you learned there, but it also develops some new analytical tools that may help to deepen your knowledge and ability to apply economics to questions of importance to modern life.

The College of Business and Economics requires the following on all syllabi:

Course Catalog Description: ECON 309 INTERMEDIATE PRICE THEORY 3 units Determination of prices, output, wages, resource allocation. Theory of the firm. Theory of competition, monopolistic competition, oligopoly and monopoly. Prerequisites: ECON 201/203 and ECON 202/204. Course Component Lecture Required

TEXTBOOKS (required):

Landsburg, Steven E., *Price Theory and Applications*, (Mason OH: South-Western, 2005)
Weber, William V., *Study Guide, Price Theory and Applications*, (Mason OH: South-Western, 2005)
Hayek, F. A., *Individualism and Economic Order* (Chicago: University of Chicago Press, 1948)
Suggested but not required: Egger, *Elements of Economics* (Towson University Bookstore, 2002)

ADDITIONAL READING: These assignments will be placed on reserve in Cook Library and/or URLs provided for online access.

ATTENDANCE: Each unexcused absence over three (3) will reduce your “class participation and attendance” grade (see below) by 2 points, and it can become negative. A student studying other subjects in this class, violating my “house rules,” or treating any member of our class uncivily will receive an unexcused absence.

EXAMS AND GRADING: There will be three in-class exams: September 27, November 1, and November 29. Each will cover the text chapters and other readings that were covered in that section of the course.

Your semester grade: Three exams 20% each, Final exam 35%, Class participation/attendance 5%. No calculators are permitted at the exams or quizzes. You should consider 60, 70, 80, and 90 the minimum numerical averages for course grades of D, C, B, and A. I have never used ± grading, but if it is required I’ll use 3 points as the guide: e. g., 80.00-82.99=B-, 83.00-86.99=B, 87.00-89.99=B+.

MAKE-UP EXAMS require a good excuse. They will be given on the last day of classes, in another room.

HOUSE RULES: Actions inappropriate in the classroom include eating, drinking, the wearing of hats (without documented medical or religious reason), and the use of wireless communication devices (including pagers and cell phones) and cameras. Violations will initially be handled by recording them as unexcused absences.

The College of Business and Economics requires the following on all course syllabi:

Program Learning Goals: KSAs: Achievement of one or more of the following College of Business and Economics “Knowledge, Skills, and Attitudes” will be assessed in this course: “Use problem-solving techniques” (2a), “Use adaptable, flexible thinking” (2b), and/or “Know, apply, and integrate the content in one’s major” (5a).

Students with Disabilities: In accordance with university policy, if you have a documented disability and require accommodations to obtain equal access in this course, please contact the instructor at the beginning of the semester and when given an assignment for which an accommodation is required. Students with disabilities must verify their eligibility through the Office of Disability Support Services (AD 232).

REPEATING this course? “Students may **not** make a third attempt of a course except with *prior* approval.” For details, see the Undergraduate Catalog, 2004-5, p. 26, or your own year’s Undergraduate Catalog.

CHEATING on quizzes and examinations will be dealt with as harshly as the University permits, including an automatic F in this course. Disciplinary action may also be pursued at the University level.

YOU KNOW WHEN YOUR FINAL IS. DON’T SCHEDULE FLIGHTS HOME BEFORE IT!

Wk	Date	LECTURE TOPICS, READING ASSIGNMENTS, AND EXAMINATIONS
1	28/30 aug	Quick reviews: the supply-and-demand analysis of markets, and gains from trade Reading: L Ch. 1 (pp. 1-25), L Ch. 2 (pp. 33-46) [L = Landsburg, our primary textbook; "Hayek" = <i>Individualism and Economic Order</i>]
***** Wednesday, September 6, is the last day to add, or to drop with no grade. *****		
2	--/06 sep	Analyzing consumer choice using indifference curves... MONDAY is Labor Day, no classes Reading: L Ch. 3 and appendix (pp. 51-74, 81-84)
3	11/13 sep	Continuing with indifference analysis... and applying it to market exchanges Reading: L Ch. 4 (pp. 85-110)
4	18/20 sep	Continuing with Chapters 3 and 4, and a different perspective on consumer theory Reading: Rothbard, <i>Toward a Reconstruction of Utility and Welfare Economics</i> (pp. 1-) Rothbard, <i>Man Economy and State</i> , pp. Suggested only: Egger, <i>Elements of Economics</i> , Ch. 1 (last section), Ch. 2 (first section) For more in-depth exploration: Bernadelli, "The End of Marginal Utility Theory?" (1937) High, Jack, <i>Utility Theory</i> (ca. 1985)
5	25/27 sep	Monday: Wrapping up loose ends, and... Wednesday, EXAM #1
6	02/04 oct	The business firm and its production decision Reading: L Ch. 5 (pp. 121-138), L Ch. 6 (pp. 145-161 only) Suggested only: Egger, <i>Elements of Economics</i> , Ch. 5
7	09/11 oct	More on production and cost, and an introduction to "perfect competition" Reading: L Ch. 6 (pp. 162-174), L Ch. 7 (pp. 179-194) Suggested only: Egger, <i>Elements of Economics</i> , Ch. 6
8	16/18 oct	Competition and monopoly Reading: L Ch. 7 (pp. 195-220), Ch. 10 (pp. 329-345 only) Hayek, Ch. V ("The Meaning of Competition") Egger, <i>Elements of Economics</i> , Ch. 7
9	23/25 oct	Market power and oligopoly Reading: L Ch. 10 (pp. 345-363), L Ch. 11 (pp. 371-401 only) Armentano, <i>Antitrust and Monopoly</i> , Ch. 4
10	30/01 nov	Monday: catchup and summary, and... Wednesday, EXAM #2
*** Wednesday, November 8, is the last day to withdraw with a W, or to change to Audit or Pass/Fail ***		
11	06/08 nov	The demand for factors of production, and the labor market Reading: L Ch. 15 (pp. 499-520), L Ch. 16 (pp. 525-546) Suggested only: Egger, <i>Elements of Economics</i> , Ch. 9
12	13/15 nov	Interest and its significance... and an introduction to welfare economics Reading: L Ch. 17 (pp. 551-585), L Ch. 8 (pp. 229-275) Suggested only: Egger, <i>Elements of Economics</i> , Ch. 10
13	20/-- nov	Monday, continuing with welfare economics... Wednesday, NO CLASS (Thanksgiving) Reading: Rothbard, <i>Toward a Reconstruction ...</i> , pp. -- [finish] Egger, "Efficiency is not a Substitute for Ethics" (1978), reprinted as pp. 117-125 of

		Rizzo, ed., <i>Time, Uncertainty, and Disequilibrium</i>
14	27/29 nov	Monday, catchup and summary, and... Wednesday, EXAM #3
15	04/06 dec	Knowledge, and the moral meaning of the market Reading: L Ch. 9 (pp. 291-322) Hayek, Ch. IV ("The Use of Knowledge in Society"), pp. 77-91 Rand, Ayn, "What is Capitalism?," in <i>Capitalism: The Unknown Ideal</i> , pp. 11-32
16	11 dec	Catch-up, miscellaneous; FINAL EXAM Wednesday, 12:30 – 2:30 PM
*** Wednesday, December 13, 12:30 – 2:30 PM: FINAL EXAMINATION***		

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- , "Efficiency is Not a Substitute for Ethics," in Rizzo, ed., pp. 117-125.
- , "The Free Market and the Standards by which it is Judged," *Advances in Austrian Economics* Vol. 2, Part A (Greenwich CT: JAI Press, 1995), pp. 179-195.
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