

**SKIDMORE COLLEGE | DEPARTMENT OF ECONOMICS**  
**EC 104/002 | INTRODUCTION TO MICROECONOMICS | FALL 2005**

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**EMAIL:** [ymadra@skidmore.edu](mailto:ymadra@skidmore.edu) | **CLASS MEETS:** TuTh, 11:10 AM — 12:30 PM, in BOLTON 103 |  
**OFFICE HOURS:** TuTh 01:30 PM—03:00 PM, Wed. 03:00—05:00 PM, or by appointment.

**COURSE DESCRIPTION:**

Economics is a discipline and its object of inquiry is the economy. Within the discipline of economics, there are several different approaches to economics. While they may agree on some issues, different economic schools of thought usually have divergent opinions about how human beings behave in an economy, how and why people consume, how firms function, and how the equilibrium is reached. | In this course, we will focus our attention on one particular yet hegemonic economic discourse: **neoclassical microeconomics**. We will study its underlying assumptions, its vision of the economy, its criteria for economic success, and its implications for the organization of our economic livelihoods. It is important to recall that all economic theories of the economic reality are not simply re-presentations of that reality. Economic models are not only models *of* the economy. They are also models *for* the economy. In other words, economic theories **shape** our economic reality. In this sense, before questioning neoclassical economics and its realism, we should try to understand how it shapes our economic reality. This course aims to equip you, as the citizens of a democratic republic, with the knowledge of how neoclassical economics, the hegemonic economic discourse of our times, aims to shape our economic reality. | The course will have analytical, quantitative, and verbal aspects and your performance will be tested through in-class participation, exams, problem sets, quizzes, and response papers.

**REQUIRED TEXTBOOKS:**

[1] Principles of Microeconomics (Third Edition), by Joseph Stiglitz and Carl Walsh. New York and London: W.W. Norton & Co., 2002. [Henceforth SW.] This textbook comes with a STUDY GUIDE. Make sure that you make use of this supplementary text.

[2] Real World Micro (Twelfth Edition), by the Dollars & Sense Collective. Cambridge, MA: Economic Affairs Bureau, Inc., 2005. [Henceforth RWM.]

Both books are available at the Skidmore Shop.

Additional readings will be handed out in class.

**REQUIREMENTS:**

**a. Exams:** There will be three exams during the course:

**Midterm 1:** Tuesday, October 11, in class.

**Midterm 2:** Tuesday, November 8, in class.

**Final:** Tuesday, December 20, 9:00 AM, BOLTON 103.

As the earlier material will be necessary for understanding the later topics, the exams will be **cumulative**. However, in each exam the questions will **focus primarily on** the material covered since the previous exam.

For each exam, a **study guide** will be provided. **Extended office hours** will also be held before each exam.

Make-up exams will only be given in case of documented medical emergency, bereavement, and in accordance with the College regulations concerning exam conflicts. No exceptions will be made.

**b. Projects:** Each project will be worth 2.5 points. Any combination of problem sets, quizzes, and response papers will count as projects. This means that you can skip all the films and not submit response papers *or* you can skip all the problem sets as well as the quizzes. Nonetheless, it is advisable that you know how to solve the problem sets and the quizzes, for they will help you prepare for the exams.

**Problem Sets:** Three (3) problem sets will be assigned in regular intervals. They **must be** handed on the announced due date. Late problem sets **will not be** accepted.

**Quizzes:** Four (4) **unannounced** quizzes will be given. One before the first midterm, one before the second, one before Thanksgiving, and one before the final. They will be relatively painless. There will be **no make-up** quizzes.

**Response Papers:** Accompanying the course will be a documentary film series. In the series, there will be 7 films. The student, if s/he wishes to do so, can write a response paper **within the week** of the screening. In case you miss the screening, the films will be available on reserve. Each response paper counts as a project unit and will be worth 2.5 points. Response papers should be **no longer than double-spaced, 12 size font, 2 pages**.

**Class participation and attendance:** Classroom attendance is required and participation is encouraged. Classroom participation includes coming to class having read the assigned readings, asking questions, offering points of view, and actively listening to others' comments and questions. Classroom participation does not include having chats with your friends, reading newspapers during class, or taking a nap. If there is something funny, share it with the rest of us so we can enjoy the joke as well. Please do not purchase airline tickets and schedule sports and other events that would conflict with the class time. Please note that your attendance/participation grade can affect your course grade, especially if it is a borderline grade.

**GRADING:**

Two midterms	50 points (Each 25 points)		
Final	30 points		
Projects	17.5 points (Total)		
Problem Sets	7.5 points	}	Any combination of projects is acceptable
Quizzes	10 points		
Response Papers	17.5 points		
Classroom participation	2.5 points		
Total	100 points		

**COURSE OUTLINE AND READINGS:**

**1. INTRODUCTION**

a. Difference in economics and economy. Situating neoclassical economics within the discipline of economics. **SW** Chapter 1 and Chapter 2, pp. 25-31. **RWM** Articles 1.1, 1.2, and 1.3.

- b. Reading graphs. **SW** Appendix to Chapter 2.

## **2. NEOCLASSICAL THEORY OF CHOICE**

- a. Scarcity: Limited resources and unlimited wants, opportunity cost, and production possibilities frontier. **SW** Chapter 2, pp. 31-38.
- b. Representing markets graphically. Demand, supply, and price. **SW** Chapter 4. **RWM** 2.3
- c. Elasticity. **SW** Chapter 5.
- d. The consumption decision I: Preferences, budget constraints and the consumer choice. **SW** Chapter 6, including the appendix. **RWM** Articles 3.2, 3.3 and 3.4.
- e. The consumption decision II: Deriving the demand curve. **SW** Chapter 6, including the appendix.

## **3. NEOCLASSICAL THEORY OF FIRM**

- a. Production costs. **SW** Chapter 7, including the appendix. **RWM** Articles 4.1, 4.2, 4.3 and 5.5.
- b. The competitive firm. **SW** Chapter 8.
- c. Factor markets: Labor and capital. **SW** Chapter 9, including the appendices.

## **4. MARKET EQUILIBRIUM AND EFFICIENCY**

General equilibrium and pareto efficiency. **SW** Chapter 10, but skip the section on consumer and producer surplus (pp. 204-207).

## **5. MARKET IMPERFECTIONS (New Institutional Economics)**

- a. Market imperfections: Market structure, information, knowledge, externalities, public goods. **SW** Chapter 11.
- b. Monopoly, monopsony, and monopolistic competition. **SW** Chapter 12, pp. 241-253 and the appendix. **RWM** Articles 3.1, 5.1, 5.4, 7.5, 7.6, and 7.7.
- c. Oligopolies: An introduction to game theory. **SW** Chapter 12, pp. 253-262 and Chapter 19.
- d. Imperfect information in the product market. **SW** Chapter 14.
- e. Imperfections in the labor and credit markets. **SW** Chapter 15. **RWM** Articles 6.1, 6.2, 6.4, 6.5, and 4.4.

## **6. THEORIES OF PRODUCTION AND DISTRIBUTION (Neoclassical, New Institutional, and Marxian Economics)**

**RWM** Articles 2.4, 3.4, 5.5, 6.6, 6.7, 6.8.

## **7. AN OVERVIEW AND ASSESSMENT**

## EC 104/002 TENTATIVE COURSE CALENDAR

<b>SEPT. 8, THURSDAY</b>	Introduction	<b>SW</b> C1, C2; <b>RWM</b> 1.1, 1.2, 1.3.
<b>SEPT. 13, TUESDAY</b>	Introduction (Graphs)	<b>SW</b> Appendix to C2.
<b>SEPT. 14, WED</b>	<b>The Fog of War</b>	
<b>SEPT. 15, THURSDAY</b>	Scarcity	<b>SW</b> C2 pp. 31-38.
<b>SEPT. 20, TUESDAY</b>	Demand, supply, price	<b>SW</b> C4. <b>RWM</b> 2.3
<b>SEPT. 21, WED</b>	<b>Farmingville</b>	
<b>SEPT. 22, THURSDAY</b>	Demand, supply, price	<b>SW</b> C4.
<b>SEPT. 27, TUESDAY</b>	Elasticity	<b>SW</b> C5.
<b>SEPT 28, WED</b>	<b>The End of Suburbia</b>	
<b>SEPT. 29, THURSDAY</b>	The consumption decision	<b>SW</b> C6 <b>RWM</b> 3.2,3.3, 3.4.
<b>OCT. 4, TUESDAY</b>	The consumption decision	<b>SW</b> C6 with the appendix.
<b>OCT. 6, THURSDAY</b>	The consumption decision (REVIEW)	<b>SW</b> C6 with the appendix.
<b>OCT. 11, TUESDAY</b>	<b>MIDTERM 1</b>	
<b>OCT. 18, TUESDAY</b>	Production costs	<b>SW</b> C7 with the appendix. <b>RWM</b> 4.1, 4.2, 4.3, and 5.5.
<b>OCT. 20, THURSDAY</b>	The competitive firm	<b>SW</b> C8.
<b>OCT. 25, TUESDAY</b>	The competitive firm	<b>SW</b> C8.
<b>OCT. 26, WED</b>	<b>1960 Presidential Debate</b>	
<b>OCT. 27, THURSDAY</b>	Factor markets (labor)	<b>SW</b> C9 with the appendices.
<b>NOV. 1, TUESDAY</b>	Factor markets (capital)	<b>SW</b> C9 with the appendices.
<b>NOV. 3, THURSDAY</b>	General equilibrium (REVIEW)	<b>SW</b> C10.
<b>NOV. 8, TUESDAY</b>	<b>MIDTERM 2</b>	
<b>NOV 9, WED</b>	<b>Thirst</b>	
<b>NOV. 10, THURSDAY</b>	Market Imperfections	<b>SW</b> C11.
<b>NOV. 15, TUESDAY</b>	Monopoly, Monopsony	<b>SW</b> C11, pp. 241-253.
<b>NOV. 16, WED</b>	<b>The Corporation</b>	
<b>NOV. 17, THURSDAY</b>	Monopolistic Competition, Oligopolies	<b>RWM</b> 3.1, 5.1, 5.4, 7.5, 7.6, 7.7; <b>SW</b> C12, pp. 253-262.
<b>NOV. 22, TUESDAY</b>	Game Theory	<b>SW</b> C19.
<b>NOV. 29, TUESDAY</b>	Imperfect product markets	<b>SW</b> C14
<b>DEC. 1, THURSDAY</b>	Imperfect labor markets	<b>RWM</b> 6.1, 6.2, 6.4, 6.5, 4.4.
<b>DEC. 6, TUESDAY</b>	Imperfect capital markets	<b>To be announced.</b>
<b>DEC. 7, WED</b>	<b>Life + Debt</b>	
<b>DEC. 8, THURSDAY</b>	Theories of Prod. & Dist.	<b>RWM</b> 2.4, 3.4, 5.5, 6.6, 6.7, 6.8.
<b>DEC. 13, TUESDAY</b>	Assessment and Overview	
<b>DEC. 15, THURSDAY</b>	<b>9-12AM &amp; 1-5PM OFF. HR.</b>	
<b>DEC. 20, TUESDAY</b>	<b>FINAL (AM, BOLTON 103)</b>	

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# DOCUMENTARY *film* SERIES

September 14, 2005 | Bolton 282 | 7:00 PM |

**The Fog Of War: Eleven Lessons From The Life Of Robert McNamara (2003)**

Directed by Errol Morris. 107 mins.

September 21, 2005 | Bolton 282 | 7:00 PM |

**Farmingville (2004)**

Directed by Carlos Sandoval and Catherine Tambini. 78 mins.

September 28, 2005 | Palamountain EMERSON | 7:00 PM |

**The End of Suburbia: Oil Depletion and The Collapse of The American Dream (2004)**

Directed by Gregory Greene. 78 mins.

October 26, 2005 | Palamountain EMERSON | 7:00 PM |

**1960 Presidential Debate: Nixon versus Kennedy**

November 16, 2005 | Palamountain EMERSON | 7:00 PM |

**Thirst (2003)**

Directed by Alan Snitow and Deborah Kaufman. 62 mins.

November 30, 2005 | Palamountain DAVIS | 7:00 PM |

**The Corporation (2004)**

Directed by Mark Achbar, Jennifer Abbott, and Joel Bakan. 145 mins.

December 7, 2005 | Palamountain EMERSON | 7:00 PM |

**Life + Debt (2001)**

Directed by Stephanie Black. 86 mins.