

# MODUL



**MATA KULIAH : INTERMEDIATE OF MICROECONOMICS**

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## DAFTAR ISI

	Topics
	<p>Economic Model</p> <ul style="list-style-type: none"><li>• What is Microeconomics</li><li>• The Production Possibility Frontier</li><li>• Uses of Microeconomics</li><li>• Basic Supply-Demand Model</li><li>• Marshal Supply-Demand Cross</li><li>• Market Equilibrium</li></ul>
	<p>Mathematics Used in Microeconomics</p> <ul style="list-style-type: none"><li>• Function of One Variable</li><li>• Independent and Dependent Variables</li><li>• Two Possible Forms of Functional Relationships</li><li>• Graphing Functions of One Variable</li><li>• Intercept and Slopes</li></ul>
	<p>Utility and Choice</p> <ul style="list-style-type: none"><li>• Theory of Choice</li><li>• Utility Paribus Assumption</li><li>• Utility from Consuming Two Goods</li><li>• Measuring Utility</li><li>• Voluntary Trades and Indifference Curves</li></ul>

	<p>Individual and Market Demand</p> <ul style="list-style-type: none"> <li>• Individual Demand Curves</li> <li>• Demand Functions</li> <li>• Changes in Income</li> <li>• Normal Goods</li> <li>• Inferior Goods</li> <li>• Substitution and Income Effect</li> </ul>
	<p>Production</p> <ul style="list-style-type: none"> <li>• Production Function</li> <li>• Marginal Product and Diminishing</li> <li>• Average Product</li> <li>• Isoquant Maps</li> <li>• Rate of Technical Substitution</li> <li>• Return to Scale</li> </ul>
	<p>The Cost of Production</p> <ul style="list-style-type: none"> <li>• Basic Concepts of Cost</li> <li>• Labor Cost</li> <li>• Capital Cost</li> <li>• Economic Profits and Cost Minimization</li> <li>• Firm's Expansion Path</li> <li>• Cost Curves and Average Cost</li> </ul>
	<p>Profit Maximization and Supply</p> <ul style="list-style-type: none"> <li>• Nature of Firms</li> <li>• Definitions of Profit</li> <li>• Effect of the Double Tax</li> <li>• The Leveraged Buyout Craze</li> <li>• Marginalism</li> </ul>

# TOPIC 1: ECONOMIC MODEL

(by Walter Nicholson)

## 1. Definitions:

- Economics

The study of the allocation of scarce resources among alternative uses

- Microeconomics

The study of the economic choices individuals and firms make and how those choices create markets

## 2. What is Economic Models?

Simple theoretical descriptions that capture the essentials of **how the economy works**

→ Used because the “real world” is too complicated to describe in detail

→ Models tend to be “unrealistic” but useful. While they fail to show every detail (such as houses on a map) they provide enough structure to solve the problem (such as how a map provides you with a way to solve how to drive to a new location)

## 3. The Production Possibility Frontier

A graph showing all possible combinations of goods that can be produced with a fixed amount of resources. From Figure 1.1, it is showing a production possibility frontier where the good goods are food and clothing produced per week. At point A, 10 units of food and 3 units of clothing can be produced

