

UNIVERSITY OF HAWAII AT MANOA  
DEPARTMENT OF ECONOMICS

Econ 301 (003)  
Intermediate Microeconomics  
7851  
Spring 2006  
TR, 12-1:15pm, KUY 306

Prof. Katerina Sherstyuk  
Saund 517, ext.

Office hours: R 9-11am,  
or by appointment

### **Intermediate Microeconomics: Price Theory**

This course develops basic techniques and fundamental concepts of neoclassical microeconomic theory. The main aim of the course is to provide an understanding, in a variety of settings, of the consequences of individual optimizing behaviour and of the nature of social equilibrium. Topics include consumer behavior, theory of the firm, equilibrium, efficiency, public goods and externalities, and elements of strategic behavior.

**Prerequisite:** Econ 130 and 131.

**Required textbook:** Pindyck and Rubinfeld, *Microeconomics*, 6<sup>th</sup> edition, Prentice Hall.

**Supplementary reading:** Hal Varian, *Intermediate Microeconomics*, 6<sup>th</sup> edition, Norton.

**Teaching format:** Alternating lectures and discussion sessions. Discussion sessions will include review of the covered material, problem-solving, and economic experiments. Student active participation is required.

**Course assessment:** Class participation (10%), two midterms (20% each) and a final (50%). In addition, up to 5% in extra credit may be gained in class economic experiments.

## TENTATIVE LECTURE OUTLINE

<b>Week</b>	<b>Outline</b>	<b>Reading</b>
<b>Week 1</b> <b>(beginning January 9)</b>	<b><u>Markets</u></b> Review of Introductory Micro	PR 1-2, V 1
<i>Discussion sessions:</i> Competitive markets experiment; Practice problems on Competitive Markets (Exercise #1)		
<b>Week 2</b> <b>(beginning January 16)</b>	<b><u>Consumer theory (I)</u></b> Budget constraint, Preferences, Utility Consumer Choice	PR 3, V 2-5
<i>Discussion session:</i> None		
<b>Week 3</b> <b>(beginning January 23)</b>	<b><u>Consumer theory (II)</u></b> Individual Demand Market Demand	PR 4; V 6; 8.1-8.4, 8.6- 8.8;15.1-15.3, 15.5-15.8, 15.11;
<i>Discussion session:</i> Practice problems on Consumer Theory (Exercise #2)		
<b>Week 4</b> <b>(beginning January 30)</b>	<b><u>Choice under Uncertainty</u></b> Expected Utility Risk aversion	PR 5; V 12
<i>Discussion session:</i> Practice problems on Choice Under Uncertainty (Exercise #3)		
<b>Week 5</b> <b>(beginning February 6)</b>	<b><u>Theory of the Firm (I)</u></b> Technology; Returns to scale Cost minimization	PR 6, 7; V 18; 20.1; 20.3-20.6
<i>Discussion session (if needed):</i> Practice problems on Choice under Uncertainty (Exercise #3 continued)		
<b>Week 6</b> <b>(beginning February 13)</b>	<b><u>First Midterm Exam</u></b>  <b>FIRST MIDTERM EXAM</b>	PR 1-5

*Discussion session:* Midterm review

<b>Week 7</b> <b>(beginning February 20)</b>	<b><u>Theory of the Firm (II)</u></b> Profit maximization Competitive Firm Supply Market Supply	PR 8; V 19.1-19.9; 21.1-21.4; 22.1-22.6; 23.1-23.4
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*Discussion session:* None

<b>Week 8</b> <b>(beginning February 27)</b>	<b><u>Competitive markets</u></b> Equilibrium; Efficiency; Examples of intervention	PR 9; V 16; 23.5-23.10
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*Discussion session:* Practice problems on Producer Theory and Perfect Competition (Exercise #4)

<b>Week 9</b> <b>(beginning March 6)</b>	<b><u>Monopoly</u></b> Monopoly; Cartels Price discrimination	PR 10-11; V 24-25
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*Discussion session:* Monopoly experiment

<b>Week 10</b> <b>(beginning March 13)</b>	<b><u>Oligopoly</u></b> Price and quantity competition Cournot equilibrium	PR 12; V 27
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*Discussion session:* Practice problems on Monopoly and Oligopoly (Exercise #5)

<b>Week 11</b> <b>(beginning March 20)</b>	<b><u>Oligopoly and Game theory</u></b> Prisoners' dilemma; Collusion Repeated Games	PR 13; V 28-29
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*Discussion session:* Practice problems on Oligopoly and Game Theory (Exercise #6)

***SPRING RECESS: MARCH 27 –31***

<b>Week 12</b> <b>(beginning April 3)</b>	<b><u>Second Midterm Exam</u></b>  <b>SECOND MIDTERM EXAM</b>	PR 6-12
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*Discussion session:* Midterm review

**Week 13**  
**(beginning April 10)**

**General Equilibrium**  
Exchange Economies  
Equilibrium and Efficiency

PR 16;  
V 30

*Discussion session:* None

**Week 14**  
**(beginning April 17)**

**Market failure: Externalities**

PR 18.1-18.4  
V 33

*Discussion session:* Externalities experiment

**Week 15**  
**(beginning April 24)**

**Market failure: Public goods**

PR 18.5-18.6;  
V 35

*Discussion session:* Practice problems on General Equilibrium, Public Goods and Externalities (Exercise #7)

**Week 16**  
**(beginning May 1)**

**Review**

**FINAL EXAM: Thursday, May 11<sup>th</sup>, 12:00 pm – 2:00 pm.**