Intermediate Microeconomics

Course description and learning objectives: 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, 7th edition, Prentice Hall.

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.

Make-up Exam Policy: No make-up exams are given. In very special circumstances, a student may request an early exam date. Supporting documents (e.g., a note from the police, court etc.) are then required.
# TENTATIVE LECTURE OUTLINE

<table>
<thead>
<tr>
<th>Week</th>
<th>Outline</th>
<th>Reading</th>
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<tbody>
<tr>
<td>Week 1</td>
<td>Markets</td>
<td>PR 1-2, Review of Introductory Micro V 1</td>
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*Discussion sessions: Competitive markets experiment; Practice problems on Competitive Markets (Exercise #1)*

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<tr>
<th>Week 2</th>
<th>Consumer theory (I)</th>
<th>PR 3, V 2-5</th>
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<tbody>
<tr>
<td>(beginning January 18)</td>
<td>Budget constraint, Preferences, Utility Consumer Choice</td>
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*Discussion session: None*

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<tr>
<th>Week 3</th>
<th>Consumer theory (II)</th>
<th>PR 4; V 6; 8.1-8.4, 8.6-8.8, 15.1-15.3, 15.5-15.8, 15.11</th>
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<tbody>
<tr>
<td>(beginning January 25)</td>
<td>Individual Demand Market Demand</td>
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*Discussion session: Practice problems on Consumer Theory (Exercise #2)*

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<tr>
<th>Week 4</th>
<th>Choice under Uncertainty</th>
<th>PR 5; V 12</th>
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<tbody>
<tr>
<td>(beginning February 1)</td>
<td>Expected Utility Risk aversion</td>
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*Discussion session: Practice problems on Choice Under Uncertainty (Exercise #3)*

<table>
<thead>
<tr>
<th>Week 5</th>
<th>Theory of the Firm (I)</th>
<th>PR 6, 7; V 18; 20.1-20.6</th>
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<tr>
<td>(beginning February 8)</td>
<td>Technology; Returns to scale Cost minimization</td>
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*Discussion session (if needed): Practice problems on Choice under Uncertainty (Exercise #3 continued)*

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<tr>
<th>Week 6</th>
<th>First Midterm Exam</th>
<th>PR 1-5</th>
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<tr>
<td>(beginning February 15)</td>
<td>FIRST MIDTERM EXAM</td>
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*Discussion session: Midterm review*
Week 7
(beginning February 22)
**Theory of the Firm (II)**
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

*Discussion session: None*

Week 8
(beginning March 1)
**Competitive markets**
Equilibrium; Efficiency;
Examples of intervention

PR 9;
V 16;
23.5-23.10

*Discussion session: Practice problems on Producer Theory and Perfect Competition (Exercise #4)*

Week 9
(beginning March 8)
**Monopoly**
Monopoly; Cartels
Price discrimination

PR 10-11;
V 24-25

*Discussion session: Monopoly experiment*

Week 10
(beginning March 15)
**Oligopoly**
Price and quantity competition
Cournot equilibrium

PR 12;
V 27

*Monday 03/22 – Friday 03/26 SPRING RECESS*

Week 11
(beginning March 29)
**Oligopoly (continued)**
Price and quantity competition
Cournot equilibrium

PR 12;
V 27

*Discussion session: Practice problems on Monopoly and Oligopoly (Exercise #5)*

Week 12
(beginning April 5)
**Second Midterm Exam**

PR 6-12

*SECOND MIDTERM EXAM*

*Discussion session: Midterm review*
### Weeks 13
**Oligopoly and Game theory**
- (beginning April 19)
- PR 13;
- Prisoners’ dilemma; Collusion
- V 28-29
- Repeated Games

*Discussion session:* Practice problems on Oligopoly and Game Theory (Exercise #6)

### Weeks 14-15
**Market failure:**
- (beginning April 19, 26)
- PR 18;
- Externalities and Public goods
- V 34, 36

*Discussion session 1:* Externalities experiment
*Discussion session 2:* Practice problems on Public Goods and Externalities (Exercise #7)

### Week 16
**Review**
- (beginning May 3)

**FINAL EXAM:** Tuesday, May 11, 12pm-2 pm