

Course Title	Intermediate Microeconomics
Course Code	ECO-202
Pre-Requisite	Eco-101: Principles of Microeconomics
Degree Program (BS / MS / PhD)	BS

Course Objectives

This course will help to

1. Deepen the understanding of foundations of microeconomics by providing detailed analysis of consumer and firm behavior.
2. Introduce quantitative tools to analyze economic theories.
3. Provide detailed analysis of market outcomes.

Learning Outcomes

Students will be able to explain

4. The choice/demand behavior of consumers
5. Factors that affect those choices
6. Modeling of production activity
7. The resulting cost behavior
8. Outcomes of firm decision making in different market structures

Contents

Week	Topic
1	Introduction: Constructing a model. Demand and Supply. Market Equilibrium.
2	Budget constraint: Properties of budget set. How budget line changes. Numeraire.
3	Consumer preferences: Indifference curves. Types of indifference curves. Marginal rate of substitution. Utility. Utility function. Examples of utility function. Marginal utility. Marginal utility and MRS.
4	Optimal choice: Consumer demand. Some examples, perfect substitutes, perfect complements, neutrals and bads. Implications of MRS

	condition. Choosing tax, quantity vs income tax.
5	Demand: Normal and inferior good. Income offer curves and Engel curves, examples. Ordinary goods and Giffen Goods. Price offer curve and demand curve. Inverse demand function.
6	Slutsky equation: Substitution effect, income effect and price effect. Total change in demand. Law of demand. Examples of income and substitution effect. Compensated demand curves.
7	Buying and selling: Net and gross demands. Budget constraint. Changes in endowment. Price changes. Offer curves and demand curves. Slutsky equation revisited. Use of Slutsky equation; labour supply.
8	Consumer's surplus: Demand for a discrete good. Approximating a continuous demand. Producer's surplus. Calculating gains and losses. Elasticity and demand. Elasticity and revenue. Market equilibrium.
9	Mid-term
10	Technology. Inputs and outputs. Describing technological constraints. Examples of technology; fixed proportions, perfect substitutes, Cobb-Douglas. Properties of technology. Marginal product, technical rate of substitution, DMP and DTRS. Long run and short run. Returns to scale.
11	Profit maximization. organization of firms, profits and boundaries of firm. Fixed and variable factors. Short run and long run profit maximization. Profit maximization and returns to scale. Comparative statics.
12	Cost minimization. Returns to scale and the cost function. Long-run and short run costs, fixed and quasi fixed costs. Sunk costs. Average costs, marginal costs. Marginal costs and variable costs.
13	Firm supply. Market conditions. Pure competition. Supply decision of a competitive firm. Profits and producer's surplus.
14	Industry supply. short run and long run. Meaning of zero profits. Fixed factors and economic rent. Examples including price controls.
15	Monopoly. Profit maximizing. Demand curve and monopoly. Mark up pricing. Dead weight loss of monopoly. What causes monopolies? Natural

	monopoly.
16	Monopoly pricing. Price discrimination. First-degree, second-degree price discrimination. Examples.
17	Buffer Week
18	Final Examination

Readings List (including Books, Journals, Papers Articles, & Websites whatever is applicable)

- a. a. Hal R. Varian, *Intermediate Microeconomics*, 8th Edition, W.W. Norton and Company, Newyork.
- b. Walter Nicholson, *Intermediate Microeconomics and its Application*, 8th Edition, Harcourt, Inc.