

School of Banking and Finance

Intermediate Microeconomics

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Course Website: <http://rncarpio.com/teaching/IntermediateMicro>
Lecture Room & Time: 715 Boxue Bldg; Monday 9:50-12:10
Office Hours: Monday 15:00 – 16:00, or by appointment

Course Description: Microeconomics is the study of how *rational* (that is, *utility-maximizing*) agents behave. By analyzing economic situations through the lens of utility-maximizing agents, we will study the behavior of consumers, producing firms, and markets:

- The study of how a single rational agent behaves leads to the analysis of consumer and firm behavior.
- If there are very many agents who individually have little ability to change market conditions through their actions, this leads us to the (partial equilibrium) analysis of supply and demand, the analysis of market interventions, and general equilibrium.
- If there are a few agents who behave *strategically*, i.e. take the effects of their actions on other agents into account when making their decision, this leads to the subject of *game theory* with applications in oligopolies and asymmetric information.

The language of instruction for this course is English.

Prerequisites: You should have taken calculus previously or concurrently; in particular, we will rely on finding the maximum of a function using derivatives.

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Announcements, homeworks, and other course materials will be posted here.

Textbook: The textbook for the course is *Microeconomics* by Pindyck & Rubinfeld. Any recent edition will be sufficient for the course; there is little change in the core material between editions.

Grading: Course grades will be determined by homeworks, a midterm exam, and a final exam.

Homework	15%
Midterm Exam	35%
Final Exam	50%

Homeworks:

- There will be one graded homework assigned every two weeks. Assignments will be posted on the course website.
- You are allowed to work on the concepts behind the problem sets in small groups, however everyone must *individually* write-up their own answers; thus the answers to every problem set should be unique.
- The problems on the exams will be similar to those on the homeworks. The best way to prepare for the exams is to solve the homework problems by yourself.
- Late homeworks will get a 50% penalty.

Exams:

- All exams are closed-book.
- During exams, you may NOT use your cell phone as a calculator. You must bring a standard scientific calculator without programming capabilities.
- A make-up exam will be granted only in case of properly documented emergencies (e.g. a doctor's note or legal documentation).

Grading Scale: The work of students is evaluated and reported in terms of the following scoring scale:

A=92-100 A-=89-91 B+= 85-88 B=81-84 B-=77-80;

C+= 73-76 C=70-72 C-= 60-69 F=failure (below 60)

Course Outline: The course will be around 14 weeks long; one week will be for the midterm exam, which will be around the halfway mark (I will announce the exact date in class). The tentative list of topics that we will cover (not all topics may be covered, depending on time constraints) are:

1. Consumer Behavior (Ch. 3.1 – 3.5)
2. Individual and Market Demand (Ch. 4.1 – 4.4, Appendix to Ch. 4)
3. Uncertainty & Consumer Behavior (Ch. 5.1 – 5.3)
4. Production (Ch. 6)
5. Cost of Production (Ch. 7.1 – 7.4, Appendix to Ch. 7)
6. Profit Maximization & Competitive Supply (Ch. 8)
7. Market Power: Monopoly & Monopsony (Ch. 10.1 – 10.4)
8. Game Theory & Competitive Strategy (Ch. 13.1 – 13.7)
9. Markets with Asymmetric Information (Ch. 17)
10. Externalities & Public Goods (Ch. 18)