

ECON 1110 S02
Intermediate Microeconomics
FALL 2010

Instructor: Dror Brenner, Robinson Hall 214 (401) 863-2122,
E-mail: Dror_Brenner@Brown.edu

Time and Location of Classes: M.W.F. ,2:00pm-2:50pm, Kassar House FOX

Office Hours: Dror Brenner Friday 3:00pm - 4:00pm
Mongoljin Batsaikhan Thursday 2:00pm-4:00pm

T.A: Mongoljin Batsaikhan, Robinson Hall (Basemen),
E-mail: Mongoljin_Batsaikhan@brown.edu

Time and Location of Sections: Students registering must also register for C2A or C2B.

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| C2A | Smith-BuonannoHall 201 | Tuesday | 6:00pm-6:50pm |
| C2B | WilsonHall 309 | Thursday | 6:00pm-6:50pm |

Textbook:

- *Intermediate Micro Economics A Modern Approach*, 8th ed., Hal R. Varian. (Previous editions of the book are fine. Make sure to check sections/chapters numbers).

Recommended but not required: *Workouts in Intermediate Microeconomics*, Theodore C. Bergstrom & Hal R. Varian

- "*INTERMEDIATE MICROECONOMICS WITH CALCULUS*", Roberto Serrano and Allan M. Feldman. This book is provided for free in PDF format on the course web site. (We will refer you to the appropriate pages before each class)

Course Web page: <http://mycourses.brown.edu/>

Grading: There will be weekly assignments, two midterm exams and a cumulative final. They will count toward the grade as follows:

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| Assignments | 30% |
| Midterms | 30% |
| Final | 40%. |

Assignments: Submit your homework in class a week after it was posted. we do not allow for late submissions but you are allowed to skip two submissions. Even if you submit all of your homework, we will omit the two lowest grades.

Exams dates: The midterm exams will take place during class hours in the classroom. Wednesday, October 8 and Friday, November 12. .

The final exam is on Monday, December 12 at 9am..

Description of the Course

The course consists of five parts:

- The theory of the consumer
- The theory of the producer
- Market structure and partial equilibrium
- General equilibrium

- Market failures

We will begin by describing consumers' preferences. We will then learn about the constraints consumers face when making consumption decisions. Once we understand consumer preferences and budget constraints, we will model consumers' decision-making processes and find their optimal consumption baskets. Using these building blocks we will further explore consumption decisions over time, decisions regarding the optimal allocation of work, leisure and consumption and the effects of taxes on consumption.

Once we understand the consumption side of the market we will proceed to study the production side. We will learn how to find the most efficient way to produce any desirable quantity. Then we will ask ourselves what the cheapest way is to produce any level of output. Lastly, we will find the most profitable output level for the producer.

Once we have learned about both the consumer and producer sides we will explore market equilibrium under different market structures: pure competition, monopoly and oligopoly. We will proceed to model general equilibrium in the market.

Finally, the course will investigate market failures such as externalities in consumption and production, public goods and asymmetric or partial information.

Class time will be devoted to learning theory. The purpose of the homework will be to practice the theory through simple economic problems. In addition to the homework we recommend solving relevant problems from the workbook that accompanies the course. Each of the homework will be solved in section by the T.A.

Note: We will refer you to the appropriate pages in Serrano/Feldman before each class.

Topics

Chapter in Varian

1. Course Introduction

Chapter 1 (optional reading)

Part 1. Theory of the Consumer

2. Preferences
3. Utility
4. Budget Constraint
5. Choice
6. Demand
7. Slutsky Equation
8. Labor Supply
9. Intertemporal Choice
10. Consumer's Surplus
11. Market Demand

Chapter 3
Chapter 4
Chapter 2
Chapter 5
Chapter 6
Chapter 8
Chapter 9.8-9.9
Chapter 10
Chapter 14.1-14.7
Chapter 15

Part 2. Theory of the Producer

12. Technology
13. Cost Minimization
14. Cost Curves
15. Firm Supply
16. Profit Maximization

Chapter 18
Chapter 20 skip 20.2 22
Chapter 21
Chapter 22
Chapter 19 skip 19.11

Part 3. Market Structures

17. Industry Supply & Competitive Equilibrium
18. Monopoly
19. Oligopoly

Chapters 16,23
Chapters 24,25.1-25.4
Chapter 27

Part 4. General Equilibrium

20. Exchange
21. Production

Chapter 31
Chapter 32.9-32.14

Part 5. Market Failures

22. Externalities
23. Public Goods
24. Asymmetric Information

Chapter 34
Chapter 36
Chapter 37.1-37.5