

**Intermediate Microeconomics (Econ 1100)
Spring 2008**

Instructor

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Posvar 4511

Office Hour: Wed 10 - 12

Graduate TA

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Undergraduate TA

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Course page: <https://www.econ.pitt.edu/coursepage.php?cid=99>

Course Description:

Microeconomics is the study of how individual economic units (households, managers, firms) make their choices from the alternatives available to them; and how such choices interact in the market to determine prices and allocate resources. We attempt to understand economic activity and analyze the effects of policy by constructing what we think are reasonable representations of how these units behave when confronted with economic decisions.

This course is an introduction to the basic notions of microeconomics. It will focus on developing (somewhat theoretical / mathematical) models to analyze economic decision-making and to apply them to real world situations. It will endow the students with the basic toolkit of a microeconomist and prepare them to take more advanced economics courses like Labor, Industrial Organization, International Trade and Public Finance.

Pre-requisites:

To take this course, you must have passed Introductory Microeconomics (Econ 0100) and Introductory Macroeconomics (Econ 0110), and also obtained a grade of *C or better* in either Business Calculus (Math 0120) or Analytic Geometry and Calculus (0220). You will not be allowed to complete the course unless you have satisfied these requirements.

Text, format, requirements:

The text for the course will be Besanko and Braeutigam, *Microeconomics*, 3rd Edition. The format of the course will be classroom lectures. There will be two mid terms during the semester and a final exam at the end. Each of the midterms will carry 15% of the grade and the final will carry 50%. The remaining 20% of the grade will be based on weekly homeworks. Homeworks will be assigned on Thursday and you are required to submit them next Thursday before class. The homeworks may be done in pairs: but then you have to stick to the same pair through out the course and both will receive the same homework grade. Students with disabilities are responsible for notifying me at the start of a course and for requesting accommodations for that disability.

Lectures:

Lectures will be held at 117 Victoria Hall, from 11am to 12:15 pm on Tuesdays and Thursdays. Regular attendance is very important for success in class.

Recitations:

The Undergraduate TA, Jessica will hold recitation sessions where she will supplement the material covered in class. Depending on attendance, there will be three recitation hours: Monday 6 – 7 pm, Wednesday 12 – 1 pm and Wednesday 1 – 2 pm. In each session, she will cover the same things, so you should choose your most convenient hour. The location of the recitation hours will be announced later. Although attendance in recitations is not mandatory, it is highly recommended.

Syllabus (Tentative):

Date	Coverage
8-Jan	Introduction
10-Jan	Math essentials - slopes, elasticities, first and second order conditions
15-Jan	Demand and Supply analysis (Chapter 2)
17-Jan	Preference and utility - preliminaries: (chapter 3)
22-Jan	Consumer choice (chapter 4)
24-Jan	Theory of Demand (chapter 5)
29-Jan	Production and cost - preliminaries (chapter 6 and 7)
31-Jan	Cost Minimization and cost curves (chapters 7 and 8)
5-Feb	Perfectly Competitive markets - 1 (Chapter 9)
7-Feb	Perfectly Competitive markets - 2 (Chapter 9)
12-Feb	Perfectly Competitive markets - 3 (Chapter 9)
14-Feb	Welfare and government intervention in competitive markets (chapter 10)
19-Feb	MidTerm 1 (syllabus: coverage till Feb 14 th)
21-Feb	Monopoly 1 (Chapter 11)
26-Feb	Monopoly 2 (Chapter 11)
28-Feb	Practices for Capturing surplus (Chapter 12)
4-Mar	Market structure, competition and strategic interdependence (Chapter 13)
6-Mar	Quantity competition: Cournot and Stackelberg Equilibrium (Chapter 12)
11-Mar	Spring Break
13-Mar	Spring Break
18-Mar	Price competition: Bertrand Equilibrium (Chapter 13)
20-Mar	Decision making under uncertainty - 1 (Chapter 15)
25-Mar	MidTerm 2 (syllabus: coverage from Feb 21 st till Mar 18 th)
27-Mar	Risk and Uncertainty - Applications (Chapter 15)
1-Apr	General Equilibrium - 1 (Chapter 16)
3-Apr	General Equilibrium: Efficiency of Competitive Markets (Chapter 16)
8-Apr	General equilibrium - Welfare theorems of Markets (Chapter 16)
10-Apr	Market failures: Externalities (Chapter 17)
15-Apr	Market Failures: Public Goods (Chapter 17)
17-Apr	Review
22-Apr	Final Exam

All chapter numbers are from Besanko and Braeutigam, *Microeconomics*, 2nd Edition. Also, in most cases, I will select important sections from the chapter without covering the entire chapter. I will not test you on sections I do not cover. The final exam will have a stronger emphasis on topics covered later in the class, e.g. competitive markets, monopoly, oligopoly, uncertainty, general equilibrium and market failures.