

Course Code: ECON-205

Title: Intermediate Microeconomics

Credit Hours: 03

Prerequisite: Principles of Microeconomics, Calculus I

Course Objectives:

The course seeks to provide an understanding of the core economic models for the analysis of decisions by consumers, firms, and markets. It would focus on illustrating the functionality of certain core microeconomic models. The objective of this course is to enable students to develop ability to use analytic reasoning to understand and apply basic models of microeconomic theory. Simple Calculus and Graphical methods will be used extensively.

Learning Outcomes:

On completion of this course, students would be able to,

- Have complete knowledge of the different types of market structures
- Understand why some producers reap abnormal profits while other are driven out of the business.
- Have an insight of the different business strategies employed by the firms.

Course Contents:

Consumer Theory	Consumer Preferences, Well-Behaved Preferences, Indifference Curves, Budget Constraint. Utility Functions, Utility Maximization, Choice, Deriving the Demand Curve, Consumer Surplus. The idea of revealed preference
Goods classifications	Elasticity computation. Normal and Inferior Goods, and Giffen Goods, Substitutes and Complements, The Price and income Offer Curves, Engel curve, The Inverse Demand Function
Price Effects	Substitution Effect, Income effect, Sign of Substitution Effect, Total Change in Demand, Rates of Change, Law of demand, Compensating Demand Curves.
Technology	Inputs and Outputs, Describing Technological Constraints, Examples of Technology, Properties of Technology, Long Run and Short Run
Cost and Revenue	Cost Minimization, returns to Scale and the Cost Function, Long Run and Short Run Costs, Fixed and Quasi-Fixed Costs, Sunk Costs.
Profit under perfect and imperfect markets	Profits: Short run and long run profit maximization. Comparative Statistic, Profit Maximization and Returns to Scale (with respect to production technology and profits)

Monopoly	Maximizing Profits, Linear Demand Curve and Monopoly, Markup Pricing, Inefficiency of Monopoly, Deadweight Loss of Monopoly, what causes Monopolies?
Monopoly Behavior	Price Discrimination, First-Degree Price Discrimination, Second-Degree Price Discrimination, Third-Degree Price Discrimination, Bundling, Two-Part Tariffs, Monopolistic Competition.
Factors Market	Introduction to the market of factors of production, demand and supply curves, derivation of derived demand curve, market equilibrium, monopsony

Teaching Methodology:

- To deliver lectures on topics included in course outline
- To require each student to solve independent assignments on topics included in the course.

Evaluation Criteria:

Evaluation Method	
Quizzes/Assignments	
Mid-Term Exam	
Final-Term Exam	

Recommended Books:

- Varian, H. R. (2009). Intermediate Microeconomics: A Modern Approach (8th ed.). W.W. Norton & Company.
- Nicholson, W. (2000). Intermediate microeconomics and its applications. Dryden Press: New York.
- Maddala, G. S. (2004), Microeconomics: theory & applications. Tata McGraw-Hill Education: New York.