

## ECON2001 : Intermediate Microeconomics

### Course Lecturers:

#### Term 1 Professor Martin Cripps

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Room 122 Drayton House

Office Hour Friday 1:00-2:00

#### Term 2 Professor Ian Preston

Email: [i.preston@ucl.ac.uk](mailto:i.preston@ucl.ac.uk)

Room 207 Drayton House

Office Hour: Friday 1:30-2:30

### Class Teachers

**Term 1:** Claudia Cerrone; Michele Gianola; Homa Esfahanian; Shilan Dargahi; Alireza Kharazi; Amairisa Kouki

**Term 2:** Shilan Dargahi; Alireza Kharazi; Amairisa Kouki; Francesca Parodi

**Aims:** This course is designed to provide students with a rigorous grounding in the core concepts and methods of Microeconomics. At the end of the course the student should:

- (a) Understand microeconomic theory at a level appropriate for an economics graduate.
- (b) Understand how to analyse microeconomic models using appropriate techniques.
- (c) Be able to address economic phenomena using these models and techniques.

**Texts:** The main text for this course is *Microeconomics: Principles and Analysis* [F. Cowell, OUP 2006 (ISBN 0-19-926777-4)]. This can be supplemented with the easier books: *Microeconomic Theory: Basic Principles and Extensions* [Nicholson, South-Western 2005] and *Intermediate Microeconomics* [Varian, Norton 2003]. A more advanced book for an ambitious student is: *Microeconomics* [Gravelle and Rees, Pearson 2004].

### Other Materials:

Copies of the slides for lectures and demonstration lectures, problem sets and answers will be posted on the course website.

### Examination Format:

Three hours; Part A of the paper is 20 multiple choice questions and TWO from Part B (longer problem questions). Answers to Part B to include ONE from Part BI and ONE from Part BII. (For affiliate students: Two Hours; the questions from Part A and ONE question from Part B.)

### Required Coursework:

Four problem sets for Term 1 and four problem sets for Term 2.

## Course Outline and Syllabus

### Term 1:

- 1) **Games in Strategic and Extensive Form:** *Cowell Chapter 10*
  - a) Strategic forms, dominance, Nash equilibrium.
  - b) Extensive forms, backwards induction and subgame perfection.
- 2) **Oligopoly and Monopoly:** *Cowell Chapters 10, 3*
  - a) Static models of oligopoly: Cournot, Bertrand and differentiated product competition; auctions.
  - b) Dynamic models of oligopoly: Stackelberg, commitment and collusion
  - c) Monopoly
- 3) **The Perfectly Competitive Firm:** *Cowell Chapters 2 and 3*
  - a) Production functions, Cost Functions, Input Demands.
  - b) Scale and Homogeneity, Duality, LR and SR costs
- 4) **Adverse Selection: Signalling and Hidden Information:** *Cowell Chapter 11.*
  - a) Lemons and signals in insurance models.
  - b) Screening and product provision.
  - c) Non-Linear Pricing
- 5) **Incentives and Moral Hazard:** *Cowell Chapter 11 and 12*
  - a) Principals and Agents
  - b) Incentive compatibility and individual rationality
  - c) Providing incentives for workers.
- 6) **Designing Economic Systems:** *Cowell Chapter 12*

### Term 2:

- 6) **Consumer Demand:** *Cowell Chapter 4*
  - a) Budget constraints ☉
  - b) Revealed preference ☉
  - c) Preferences and utility, duality ☉
  - d) Consumer surplus and price indices☉
- 7) **Demand with endowments:** *Cowell Chapter 5*
  - a) Labour supply ☉
  - b) Intertemporal choice ☉
- 8) **Uncertainty:** *Cowell Chapter 8 ☉*
- 9) **General equilibrium:** *Cowell Chapter 6 and 7*
  - a) Exchange equilibrium ☉
  - b) Equilibrium with production ☉
  - c) Welfare theorems ☐