

## 14.04 Intermediate Micro Theory

### Fall 2003

**Lectures:** MW 10:30-12; E51-390

**Recitation:** F 11; E51-390

**Professor:** Sergei Izmalkov, [izmalkov@mit.edu](mailto:izmalkov@mit.edu), E52-252C, 452-2522

**Assistant:** Denise MacDougall  
E52-3xx, xx-xxx

**TA:**

**Office hours:** Prof: W 1-3 or by appointment.

**Web Page:** <http://web.mit.edu/14.04/www/> (?)

**Prerequisites:** [14.01](#), [18.02](#), [18.06](#).

Note: Credit cannot also be received for [14.03](#).

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**Textbook:**

Hal R. Varian, *Microeconomic Analysis*, 3<sup>rd</sup> Ed., W.W. Norton & Company, New York, 1992.

**Course requirements:**

Two mid-term exams and one short final exam. Each worth 30% of the grade.

Homeworks are worth 10%

**Homework:** Due on Wednesdays, 10:30am, covered in detail on Fridays. Joint work(\*) is not permitted. (\*) You may discuss ideas, help each other with material in general, but, ultimately, your homework has to be a unique written (or typed) piece. Late homework gets no credit.

**Exceptional circumstances:** In case you cannot attend one of the examinations due to extenuating circumstances, including illness or unavoidable conflicts with other MIT assignments, contact Prof. Izmalkov in advance or as soon as possible. We will do our best to reschedule your exams. You would have to provide sufficient proof of your circumstances (see MIT guidelines).

## *Overview*

### Producer Part.

1. Technology
2. Profit maximization.
3. Profit function, deriving supply and demand.
4. Cost minimization.
5. Cost function .
6. Duality.

EXAM –

### Consumer Part.

1. Utility functions.
2. Individual Choice.
3. Demand, aggregating individual demands.
4. Consumer Surplus. Welfare.
5. Competitive Markets.
6. Monopoly.

EXAM –

### Strategic Considerations.

1. Intro into game theory.
2. Exchange Economy.
3. Walrasian Equilibrium with Production.
4. Public goods. Externalities.
5. Information Economics: Lemon markets, Adverse Selection, Signaling, Moral Hazard, Principal-Agent Problems.

EXAM –

Special topics (2 lectures): Auctions, Asset pricing