

## EC 203 INTERMEDIATE MICROECONOMICS I

Boğaziçi University

Department of Economics

Fall 2019

### Instructor: Murat YILMAZ

**office:** NB 222B, **phone:** 7646, **email:** *muraty@boun.edu.tr*, **office hour:** By appointment.

**class hours, section 1:** Tuesday 13:00-14:50 (EF206), Thursday 13:00-13:50 (EF116)

**class hours, section 2:** Tuesday 15:00-16:50 (EF206), Thursday 14:00-14:50 (EF116)

**course webpage:** [web.boun.edu.tr/muratyilmaz/my/EC203.html](http://web.boun.edu.tr/muratyilmaz/my/EC203.html)

**graduate TA:** Edip Kart, *edipkartt@gmail.com*, OH: Thursday 15:00-16:00 (NB207)

**student TAs:** Nilden Aksoy, *aksoynilden@gmail.com*, PS: Thursday 17:00

Yade Doğan, *syadedogan@gmail.com*, PS: Tuesday 17:00

Alp Serdaroğlu, *alp.serdaroglu@gmail.com*, PS: Wednesday 17:00

Yigitalp Serin, *yigitalp.serin@boun.edu.tr*, PS: Monday 17:00

**Course Description:** This course covers the core concepts in economics and provides the students with a strong understanding of microeconomic issues, tools and concepts, such as consumer choice, utility, the theory of demand, production functions, cost minimization, market structures including perfect competition, monopoly, oligopoly etc. We will delve in depth into how individual decision makers, both consumers and firms, make choices and the consequences of these decisions for social welfare. After studying the theory of demand and firm behavior, we will put these together and see how different market structures work.

**Useful textbooks:** Intermediate Microeconomics: A Modern Approach, *H.R. Varian*, 7<sup>th</sup>+ ed., Norton.

Microeconomics, *J. M. Perloff*, 7<sup>th</sup>+ ed., Pearson.

Microeconomics, *D. Besanko, R.R. Braeutigam*, 4<sup>th</sup>+ ed., Wiley.

**Grading:** Quizzes (20%), Midterm (37%), Final (43%)

**Exams:** All exams will be closed book, closed notes, and no electronic devices will be allowed. Final exam will be cumulative with a weight at least 85% on the post-midterm material. Any changes to an exam date, time, or place will be announced in class and posted on the course's website and you'll be notified through email. It is the responsibility of the student to be aware of these changes. The midterm will take place on the **7th of November**, Thursday, at 17:30, the location of which will be announced later. The final exam date will be announced later by the Registrar's Office.

**Quizzes:** There will be 4 quizzes and each one will be announced at least one week in advance. Only the **highest 3** of them will count. There will be **no make-up for any of the quizzes**.

**Makeup Exams:** In case you have to miss the **midterm exam**, I will NOT ask you to bring any documented excuse. BUT, you have to contact me (either by email or through phone or in person) at least 12 hours before the midterm and explain why you will not be able to take the exam (I keep the right not to accept your excuse). If you do this and it's accepted, then the weight of your midterm will be transferred to the final exam (that is, I will not be giving any makeup exam for the midterm). If you don't contact me at least 12 hours before the midterm and miss the midterm, you will get no credit for the midterm. I should mention that the final exam tends to be tougher than the midterm exam, naturally because there will be more topics which will be relatively more advanced. If you miss the **final exam**, you need to apply to the

excuse committee for permission to take the makeup. If your excuse is accepted, you can take the makeup exam that will be given during the excuse exam period. The makeup exam for the final will be cumulative. It is also worth mentioning that the makeup exam tends to be relatively more difficult, for fairness reasons.

**Problem Sets and Problem Sessions:** There will be 8-9 problem sets assigned. These problem sets are **not** going to be graded, **however** working on them diligently is the most effective way to prepare for the exams and quizzes. I recommend you first work on them on your own and then discuss them in groups. Your TAs will be holding problem sessions every week to discuss and review these problem sets, starting the week after when the first problem set is posted. The schedule for these problem sessions will be announced soon if not listed above and you can pick whichever best fits your schedule. In addition, your graduate TA will be holding weekly office hours to help you with your questions. Also, you can always email me and setup an appointment for your questions.

**Attendance:** Attendance is voluntary, but strongly recommended. Most students who receive low grades do so as a result of poor attendance. Regular attendance and class participation can make a difference though, especially when you are on the margin between two letter grades. Also, the quizzes, exams and problem sets will all be based on the lecture notes, which will be a mix of material from different texts.

**Electronic Devices:** Electronic devices of all sorts will not be allowed in lectures. If you are seen using an electronic device during a lecture, a **20% of your entire course score will be dropped** on the spot.

**Course Outline:** Varian:[V], Perloff:[P], Besanko&Braeutigam:[B]

**Part 0 :** *Introduction*

- Review of Demand, Supply and Market Equilibrium. [V]1, [P]2, [B]2.1.
- Elasticity. [P]3, [B]2.2-4.

**Part I :** *The Theory of Consumer*

- Consumer Preferences, Indifference Curves, Budget Constraints. [V]2,3, [P]4.1,4.3, [B]3.1-3, 4.1.
- Utility, Choice: The Consumer's Maximization Problem. [V]4,5, [P]4.2,4.4, [B]3.2,4.2.
- Theory of Demand. [V]6, [P]5.1-2, [B]5.1.
- Income and Substitution Effects, Slutsky Equation. [V]8, [P]5.3, [B]5.2-3.
- Applications: Labor Supply. [P]5.5, [B]5.5, Intertemporal Choice. [V]10.
- Choice under uncertainty. [V]12.

**Part II :** *The Theory of Firm*

- Technology, Production Functions. [V]18, [P]6.1-4, [B]6.1-3.
- Profit Maximization.[V]19, [P]8.2, [B]9.2.
- Cost Minimization, Returns to Scale, Cost Curves. [V]21, [P]7.1-4, 6.5 , [B]7, 6.5, 8.1-2

**Part III :** *Market Structures*

- Perfectly Competitive Markets: Firm Supply and Industry Supply. [V]22,23, [P]8.1-4, [B]9.1-4.
- Monopoly and Price Discrimination. [V]24,25, [P]11.1-5, 12.1-6, [B]11.1-2, 11.5-6, 12.1-5.
- Oligopolistic Markets: Cournot, Stackelberg, Bertnard. [V]27, [P]13.1-5, [B]13.1-4.
- Exchange Economies. [V]31, [P]10.1-3.

**Part IV :** *Additional Topics* (if time permits)

- Public Goods ([V]36, [P]18.6, [B]17.3); Externalities ([V]34, [P]18.1-3, [B]17.2).
- Asymmetric Information ([V]37, [P]19.1, 20.1).