

Microeconomics 2

Module 2, 2022-2023

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New Economic School

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Course information

Course Website: my.nes.ru

Instructor's Office Hours: TBD

Class Time: TBD

Room Number: TBD

TA: TBD

Course description

The course follows Microeconomics 1 in the Intermediate Microeconomics sequence. This part concentrates on production and supply of an individual firm and on market structure, going from monopoly to oligopoly to perfect competition.

Course requirements, grading, and attendance policies

Prerequisites: Micro 1.

The grade will be a combination of the Final Exam (80%) and 3 Home Assignments (20% in total).

Course contents

Production function.

Cost minimization and cost function.

Profit maximization.

Supply of a competitive firm. Partial equilibrium competitive model. Applied competitive analysis.

Monopoly. Price discrimination. Durable good monopoly.

Oligopoly. Bertrand model. Cournot model. Linear demand differentiated products model.
Hotelling model.

Course materials

The main textbook for the course is and Christopher Snyder and Walter Nicholson.

Microeconomic Theory. Basic Principles and Extensions. 10th edition. 2008.

Students may also choose other editions and other Intermediate Microeconomics text such as
Varian or Pindyck and Rubinfeld.

Academic integrity policy

Cheating, plagiarism, and any other violations of academic ethics at NES are not tolerated.

Sample tasks for course evaluation

1. The market is characterized by the following inverse demand function: $p_D(q) = 10 - q$, and a representative firm has the following total cost of production: $C(q) = 1 + q^2$. Answer the following questions (not related to each other):
 - (a) Find the marginal and average variable costs of production.
 - (b) What is the long run price and quantity at this market?
 - (c) The government imposes a lump sum tax of amount 3 per firm. What is the tax revenue in the long run?
 - (d) There are two firms. Find the Stackelberg leadership equilibrium at this market.
2. The inverse demand function on a market is $p_D(q) = 4 - q/2$, and there is a monopoly with the total cost function $C(q) = q^2$.
 - (a) Find the marginal revenue function.
 - (b) What are the monopoly output, price and profit?