Microeconomics-2

2 module, 2017/2018 academic year

Evgeny Yakovlev
NES
eyakovlev@nes.ru

Course information

Course Website: TBA

Instructor's Office Hours: by appointment

Class Time: TBA

Room Number: TBA

TAs: TBA

Course description

The course follows Microeconomics 1 in the Intermediate Microeconomics sequence. This part
concentrates on production, theory of the firm and market structure.
It consists from 14 lectures and 6 seminars.

Course requirements, grading, and attendance policies

Prerequisites: Micro 1,
Final grade is based on five problem sets and written final exam. Make up will be hold in written
form too.

Course contents

The course will cover part of production function, monopoly and imperfect market competition.

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?

   (c) What is the profit of the monopolist practicing first-degree price discrimination?

Course materials

Required textbooks and materials

The main textbook for the course is Nicholson, Walter and Snyder Cristofer. Microeconomic Theory. Basic Principles and Extensions. 11th edition. Dryden Press, 2011.
Students may also choose other editions and other Intermediate Microeconomics text such as ones by Varian and Pindyck Rubinfeld.

Academic integrity policy

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

DETAILED PLAN

Lecture 1.
 Review of works of Nobel Prize winner: R. Thailer
Short introduction to the course

Lectures 2-3. Production function. Costs.

Nicholson, Chapters 11 and 12.

 Lecture 4. Profit maximization and cost minimization

Nicholson, Chapter 13

Lecture 5. Reference Dependence

Slides

Lectures 6-7. Supply of a competitive firm. Partial equilibrium under perfect competition.

Nicholson, Chapters 13 and 14.

Lecture 8. Applied competitive analysis

Nicholson, Chapter 15

Lecture 9 Monopoly. Price discrimination. Regulation of monopolies.

 Nicholson, Chapter 18

Lectures 10-12 Strategic behavior and oligopoly

 Nicholson, Chapter 19-20

Lectures 13 .
Evidence from Field. Empirical tests for Collision, market power.
How to estimate costs function etc
Time inconsistent prefernces

Lecture slides