Learning Goals

Intermediate Microeconomic Theory

Course Description
In this course students examine the basic models economists use to study the choices made by people in their roles as consumers, employees, investors, business owners and managers, and government officials, and how these individual choices affect markets. The course focuses on both policy applications as well as business strategies. Topics include consumer choice, firm production and costs, and price and production strategies in perfectly competitive markets, monopoly markets, and duopoly markets.

Pre-requisites
Principles of Microeconomics and Calculus I
Calculus II is recommended and can be taken concurrently.

General Objectives
Upon completion of this course, students will
- know the structure and underlying assumptions of the standard models used in microeconomic analysis and how the models' predictions change when the standard assumptions are relaxed.
- be able to identify and solve constrained optimization problems.
- demonstrate facility with the calculus-based methods used to analyze microeconomic problems.
- be able to explain in non-technical terms the fundamental economic intuition associated with the standard models.
- have learned to apply these theoretical models to address real-world problems.

Specific Learning Goals
1. Consumer Choice
   a. Students will learn to model consumer choice—how individuals make consumption choices given a limited budget—by developing a utility-maximization model and using it to explain how changes in prices and income affect consumer purchasing patterns.
   b. Students will learn to derive demand curves from utility functions and to identify and analyze income and substitution effects.

2. Production and Costs
   a. Students will learn to model firm production—how the firm chooses inputs such as labor and capital to produce output—and how changes in technology affect the firm’s production choices.
   b. Students will learn the cost-minimization model of the firm and use it to understand how changes in factor prices affect a firm's decisions regarding the employment of labor, capital, and materials.
   c. Students will learn to derive both short-run and long-run cost functions and to understand the relationship between a firm's cost functions and its technology.
3. Perfectly Competitive Markets
   a. Students will learn the assumptions necessary for a market to be perfectly competitive, how to calculate short-run and long-run equilibria in such markets, and how changes in market conditions affect these equilibrium outcomes.
   b. Students will learn to identify the economic factors that influence the number and size of firms in a perfectly competitive market.
   c. Students will learn how to measure the impact of government policies on perfectly competitive markets.

4. Imperfect Competition
   a. Students will learn how monopoly firms choose price and quantity under both uniform pricing and price discrimination.
   b. Students will learn to identify when the choices of a profit-maximizing monopolist are different from the choices that maximize social welfare.
   c. Students will learn when it is appropriate for a government to regulate a monopoly and some of the possible regulatory approaches.
   d. Students will learn to analyze oligopoly markets, showing how firms compete strategically in such markets.