



**University of International Business and Economics
International Summer School**

ECON 401 Intermediate Microeconomics II

Term: July 10th – August 4th, 2023

Instructor: Xuefeng Pan

Home Institution: University of International Business and Economics

Email: xuefeng.pan@uibe.edu.cn

Class Hours: Monday through Friday, 120 minutes each day (2,400 minutes in total)

Office Hours: TBD

Discussion Session: 2 hours each week

Total Contact Hours: 64 contact hours (45 minutes each, 48 hours in total)

Credit: 4 units

Location: WEB

Course Description:

As an extension of Intermediate Microeconomics I, this class explores a set of advanced topics in microeconomic theory that are often not discussed in detail in Inter Micro I. To supplement the understanding of competitive equilibrium, a majority part of the class will examine consumer and firm behavior under market imperfections, such as uncertainty, information asymmetry, externality, and monopoly. In particular, the pricing decision and the interaction strategy between firms under monopoly (oligopoly) will be discussed in detail. This naturally extends the class to a more general discussion of the Game Theory and Nash Equilibrium. Finally, the rest of the class will incorporate time preference to utility and profit maximization to shed light on life-like choices such as work-leisure decisions, consumption-saving decisions, and firm investments.

Prerequisite:

- ✧ Intermediate Microeconomics I
- ✧ One semester of college-level calculus

Note: Students who have no knowledge of elementary calculus may experience difficult time in some of the lectures. Should you have such a situation, please talk to the instructor for help.

Textbooks:

- ✧ *Microeconomic Theory: Basic Principles and Extension*, by Walter Nicholson, 9th edition.
- ✧ *Intermediate Microeconomics: A Modern Approach*, by Hall R. Varian, 9th edition.

Assignments, Quizzes, and Exam:

Your final class grade will be determined based on your performances on the weekly assignments, the weekly quizzes, and the final exam, with the following weights:

- ✧ Assignments 20%, there is a total of four weekly assignments, with a 5% weight on each.
- ✧ Quizzes 30%, there is a total of three quizzes that will take place sequentially on every Friday except August 4th, and each quiz comes with a 10% weight.
- ✧ Final Exam 50%, scheduled on August 4th, cumulative and covers all chapters.

Assignments: an assignment will be posted on every Monday, and you must submit it by the due date. The assignment is to keep you updated about concepts introduced in the lecture and to prepare you for the quiz in that week. Your work will be generously rewarded upon serious efforts shown.

Quizzes: there will be a weekly quiz on every Friday except in the last week. The quiz functions as the first session of the lecture on Friday and then I will walk you through the solution at the second session. Questions in the quizzes may *look like* those in the assignments.

Final exam: firmly scheduled on August 4th and is cumulative. Questions in assignments and quizzes will be reflected in the exam, though may not in the same form. Like the assignments and quizzes, the exam will include Multiple Choice, Short-Answer, and Calculation Questions.

When in doubt about any policy, please do ask the TA and/or the instructor.

Grading Scale:

Assignments and examinations will be graded according to the following grade scale:

A	90-100	C+	72-74
A-	85-89	C	68-71
B+	82-84	C-	64-67
B	78-81	D	60-63
B-	75-77	F	below 60

Grading Policies:

- ✧ No make-up exam
- ✧ No late homework and no make-up homework.
- ✧ No make-up quiz. The weight of any quiz that you miss will go to your final exam.

Ground Rules:

- ✧ Read the lecture slides ahead and attend each lecture.
- ✧ Work seriously on the assignments and submit them on time.
- ✧ Attend all quizzes and the final exam on specified dates and time.
- ✧ Commit no acts or attempts of cheating on any assignment, quiz, and the exam.
- ✧ Comply with all academic rules of UIBE and those of your home university.

Course Outline:

This is a tentative outline, and I might adjust the timing and the contents depending on how long it takes to finish a lecture. In the column of Reference, N refers to the Nicholson textbook, V to the Varian textbook, and the number to the chapters in the two textbooks.

Section	Date	Contents	References
Part I: Review of Competitive Equilibrium	Day 1	Utility Maximization and Demand	N 4-5
	Day 2	Profit Maximization and Supply	N 9
	Day 3	Competitive Equilibrium	N10-11
	Day 4	Uncertainty	N 18, V12
	Day 5	Quiz 1 and Go-over	
Part II: Market Imperfections & Market Imperfections and Monopoly	Day 6	Information Asymmetry	N19, V38
	Day 7	Externality and Public Goods	N20, V37
	Day 8	Monopoly Pricing	N13, V25
	Day 9	Oligopoly: Cournot Model	N14, V28
	Day 10	Quiz 2 and Go-over	
Part III: Market Imperfections and Monopoly & Monopoly and Game Theory	Day 11	Oligopoly: Stackelberg Model	N14, V28
	Day 12	Game Theory: Concepts	V 29
	Day 13	Game Theory: Application	N 15
	Day 14	Repeated Games and Industry Organization	N 15, V 29
	Day 15	Quiz 3 and Go-over	
Part IV: Labor, Savings, and Firm Investment	Day 16	Work-Leisure Decision	N 16
	Day 17	Intertemporal Choice	V 10
	Day 18	Intertemporal Investment	N 17
	Day 19	Review	
	Day 20	Final exam	