Course description. This course is the second of the three-course sequence in intermediate economic theory. First we will complete the material in microeconomics: factor markets, exchange, and political economy. Then, we will move on to the macroeconomics part of this theory sequence—specifically the determination of short-run aggregate demand.

Textbooks. There are two required textbooks for this class, one covering the material in microeconomics and the other covering the material in macroeconomics.


In addition, you are encouraged to buy and work through the study guides that accompany these two textbooks.

Course webpage. I will maintain a webpage for this class. The url is <http://e3.uci.edu/01w/62100/>. Please become familiar with this site, as all materials for this class (an updated reading list, problem sets and so on) will be posted there. No more items (besides the exams) will be distributed in class.

Teaching assistants. We have four TAs for this class: Samuel Mendez, Sandy Sharma, Seiji Steimetz, and Alex Strashny. Their offices and office hours will be announced in class and posted on the class webpage as soon as possible.

Requirements. There will be two in-class exams, each worth $\frac{1}{3}$ of your final grade, and a final exam, worth the remaining $\frac{1}{3}$. The in-class exams are tentatively scheduled for January 31 and February 23. The final exam is scheduled for Wednesday March 21 (10.30 am-12.30pm). Problem sets will be posted on the course webpage regularly throughout the quarter. Though not required, you are strongly encouraged to
work through the problems, as problem-solving is essential to developing a solid command of the material. [Solutions will also be posted on the webpage.]

**Prerequisites.** Econ 20 A-C, Math 2A-B and Econ 100A. Students should be comfortable using the tools of calculus—no excuses!

**Course outline.** Topics and readings assignments are as follows.

**I. Microeconomics**

1. Producer theory.
   1.1 Production, costs and profits. 21
   1.2 Market structure and equilibrium supply. 22-25
   1.3 Factor markets. 18,19,26

2. Theory of exchange.
   2.1 Pure exchange. 29
   2.2 Exchange and production. 30

3. Welfare economics.
   3.1 Efficiency. 31
   3.2 Market failures. 32,35

**II. Macroeconomics**

4. Introduction and preliminaries. 2
5. Aggregate demand determination.
   5.1 Goods market 3
   5.2 Financial markets market 4
   5.3 Equilibrium (IS-LM) and implications 5

Please see the course webpage for more details and updates.