

The midterm will be based on the following chapters from Varian (7th edition) text:

Chapter 2: Budget constraint (all)

Chapter 3: Preferences (all)

Chapter 4: Utility (without 4.6: *Utility for commuting*)

Chapter 5: Choice (without 5.4: *Estimating utility functions*; with Appendix: Math derivations)

Chapter 6: Demand (all)

Chapter 8: Slutsky Equation (without 8.5: *Rates of change*, nor 8.9: *Compensated demand curves*. **Note:** We used Hicks substitution during the lectures, but the logic is the very similar.)

Chapter 9: Buying and Selling (only 9.2: *The Budget constraint*, 9.3: *Changing the endowment*, 9.4: *Price changes*; and 9.8 *Labor supply* /better to use [lecture slides](#) for 9.8/)

Chapter 15: Market Demand (only 15.1: *From individual to market demand*; 15.5: *Elasticity*, 15.6: *Elasticity and demand*, 15.8: *Constant elasticity demands* /the first example from the Appendix on constant elasticity/, 15.11: *Income elasticity*)

Chapter 16: Equilibrium (only 16.2: *Market equilibrium*; and 16.9: *Pareto efficiency*; both to skim only)

Chapter 31: Exchange (only 31.1: *The Edgeworth box*; 31.2: *Trade*; 31.3: *Pareto efficient allocations*; 31.4: *Market trade*)

Mathematical Appendix to Varian