

**University of Hawaii at Manoa
Department of Economics**

Microeconomic Theory I
Econ 606
Fall 2008
Course website: <http://www2.hawaii.edu/~rubenj/classes/econ606>

Instructor: Ruben Juarez
Office: SH-509 Ph: 956-4703
Email: rubenj@hawaii.edu
Office Hours: T,Th 3:30-4:30
or by appointment

Teaching Assistant: TBA

COURSE DESCRIPTION

This course provides an introduction to Microeconomic Theory designed to meet the needs of students in the Economics PhD program. Most parts of this course are designed to teach material that all graduate students should know. We will rely heavily in techniques used in Econ 627.

We will study optimal behavior of consumers and producer in different economic settings, and the interaction of those agents in economic markets (partial equilibrium analysis). The following semester you will study general equilibrium, that is the determination of prices and the allocation of resources and goods in the economy as a whole.

TEXTBOOKS

Required textbook:

Microeconomic Theory by Andreu Mas-Colell, Jerry Green, Michael D. Whinston. Oxford University Press 1995. ISBN: 9780195073409

Other useful textbooks:

Microeconomics by H. Gravelle and R. Rees, Longman, 2004. ISBN: 9780582404878.

A Course in Microeconomic Theory by David M. Kreps. Princeton University Press, 1990. ISBN: 9780691042640.

Microeconomic Analysis by Hal R. Varian, 3rd edition, W. W. Norton & Co., 1992. ISBN: 9780393957358.

Microeconomic Theory: A Concise Course by James Bergin, Oxford University Press 2005. ISBN: 9780199280292.

Advanced Microeconomic Theory by Jehle, Geoffrey, and Philip Reny.. 2nd ed, Addison-Wesley, 2000. ISBN: 0321079167.

Lecture Notes in Microeconomic Theory. The Economic Agent by Ariel Rubinstein, Princeton University Press, 2006. ISBN: 9780691120317.

PROBLEM SETS AND PROBLEM SESSION

There will be a weakly problem set. You can solve the problems in groups, but you have to write your answers individually. Problem sets will be due in class on the assigned lecture date. The grades on your problem sets are intended primarily to give you an idea on how you are doing, they will affect your final grade marginally unless you did not submit them.

There will be a weakly problem solving session conducted by the TA which you are required to attend.

ASSESSMENT

There will be two midterm exams (Oct 2 and Nov 13) and a final exam (Date TBA). The grade on your problem sets will count marginally toward your final grade unless you did not submit them. The contributions of the midterms and final exams toward your final grade will be:

First Midterm Exam: 15 %

Second Midterm Exam: 15 %

Final Exam: 70 %

MAKE-UP CLASSES

I will be traveling during November. Classes during that month will be conducted by the TA and another professor. Nevertheless, (1) you are required to attend all the sessions in November, and (2) there will be additional classes in September 12, 19, 26 and October 11 to help me cover all the syllabus.

PROBLEM SETS AND LECTURE SLIDES

Problem sets and lecture slides can be downloaded from the course website.

TENTATIVE TOPICS

1. Consumer Theory and Demand

- * Axiomatic description of consumer preferences
- * Utility maximization and properties of demand functions
- * Duality theory: expenditure and indirect utility functions
- * Integrability and revealed preference theory
- * Evaluation of economic change
- * Aggregation of commodities and aggregation of demand

First Midterm Exam (Oct 2)

2. Choice under Uncertainty

- * State contingent choice
- * (Subjective) Expected Utility Theory
- * Measures of risk and risk aversion

3. Production and Cost

- * Production sets and production functions
- * Profit maximization and cost minimization
- * Duality theory: profit and cost functions
- * Aggregation of supply
- * Efficient production
- * Price-taking and profit maximization

Second Midterm Exam (Nov 13)

4. Partial Equilibrium Analysis

- * Perfect competition
- * Monopoly, duopoly and oligopoly
- * Externalities and public goods

Final Exam (Date TBA)