

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

Microeconomic Theory I

Econ 606

Fall 2009

Course website: <http://www2.hawaii.edu/~rubenj/classes/econ606>

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Office Hours: M,W 5:30-6:30
or by appointment

Teaching Assistant: Si Chen (sic@hawaii.edu)

COURSE DESCRIPTION

This course provides an introduction to Microeconomic Theory designed to meet the needs of students in the Economics graduate programs. Most parts of this course are designed to teach material that all Econ graduate students should know. We will rely heavily in techniques used in Econ 627. You must take this class along with Econ 627, unless approved by the instructor.

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 weekly 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 weekly problem solving session conducted by the TA which you are required to attend.

ASSESSMENT

There will be two midterm exams and a final exam. 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 %

Each homework that is not submitted on time will decrease your final grade by 2.5%

CLASS TIME AND MAKE-UP CLASSES

This class will coordinate schedule with ECON 627 (Mathematical Economics).

Class time will be:

8/24: 3:00-4:15.

There will be no classes between 8/24 and 9/16.

From 9/21-10/28: M,W 3:00-4:15.

Friday Oct 2 and Friday Oct 9: 3:00-4:15.

There will be no classes 11/2-11/11 (see exam below).

11/16-11-18: M,W 3:00-4:15.

11/23-12-9: M,W 10:30-11:45 and 3:00-4:15.

Additionally, we might reschedule some classes due to travelling. If so, classes will be make up in advance on Fridays.

PROBLEM SETS AND LECTURE SLIDES

Problem sets 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

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

4. Partial Equilibrium Analysis

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

Final Exam