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:


Other useful textbooks:


**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 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). The first 4 or 5 weeks of the semester I will not be teaching. The last four or five weeks of the semester I will teach during regular class time and during 657 class time. The exact dates will be given on the first day of classes.

**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