

Economics 80a

Microeconomic Theory

Lara Loewenstein

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Summer 2014

Mondays, Tuesdays, & Thursdays: 6:30–8:50pm

The Theory of Economics does not furnish a body of settled conclusions immediately applicable to policy. It is a method rather than a doctrine, an apparatus of the mind, a technique of thinking which helps its possessor to draw correct conclusions.

—John Maynard Keynes

Course Description

This course employs theoretical analysis to study various topics in microeconomics. We will cover topics such as consumer behavior, production and costs, partial equilibrium analysis under competitive and monopolistic markets, general equilibrium and welfare analysis, some of which you will have seen in an introductory economics class. We will use the tools we develop, along with some game theory, to study topics in information economics, externalities and public goods. The aim of this course is to provide you with the mathematical tools to structure and evaluate economic problems.

Prerequisites

ECON 8b, MATH 10a (or equivalent)

Please note that this class requires knowledge of calculus

A Note on the Class Schedule

There will be no class on Thursday, July 31. Instead that class will be held on Wednesday, July 30 at the usual time.

Course Materials

- Textbook: Hal R. Varian, “Intermediate Microeconomics: A Modern Approach”, 9th edition
- Course website: LATTE (<http://latte.brandeis.edu>)

Additional—Optional—Textbooks

- A bit more mathematical: Walter Nicholson, “Microeconomic Theory: Basic Principles and Extensions”

How to Contact Me

- Office Hours: Half an hour after class and by appointment.
- Email: I am available via email. I almost always respond within 24 hours, if not sooner. If I don’t respond within 24 hours, feel free to email me again.

Assignments

There will be biweekly problem sets. You are encouraged to work with other students in the class, but you must write your answers independently.

Exams

There will be a midterm and a final. The final exam is cumulative. There will be no make-up midterm. If you miss the midterm for legitimate reasons, the final will count additionally.

- Midterm: in class, July 28
- Final: August 7, 6-9pm

Grading

- Problem Sets: 20%
- Midterm: 30%
- Final: 50%

Special Accomodations

If you are a student who needs academic accommodation because of a documented disability, please contact me and present your letter of accommodation as soon as possible. Letters of accommodation should be presented at the start of the semester to ensure provision of accommodations. Accommodations cannot be granted retroactively. If you have questions about documenting a disability or requesting academic accommodations, visiting students should contact:

Gwenn Smaxwill
Summer School director
781-736-3424
smaxwill@brandeis.edu

Current Brandeis undergraduates should contact Academic Services: 781-736-3470.

Academic Integrity

You are expected to be familiar with and to follow the University's policies on academic integrity. Instances of alleged dishonesty will be forwarded to the Office of Campus Life for possible referral to the Student Judicial System. Potential sanctions include failure in the course and suspension from the University.

Course Outline

Subject to change.

Consumer Theory

Lecture 1: July 7

Required readings: Varian, Chapters 2 (Budget Constraint) & 3 (Preferences)
Supplementary readings: Varian, Chapter 1 (The Market)

Lecture 2: July 8

Readings: Varian, Chapters 4 (Utility) & 5 (Choice)

Lecture 3: July 10

Readings: Varian, Chapter 6 (Demand) & 14 (Consumer's Surplus)
Problem set 1 due

Markets and Equilibrium

Lecture 4: July 14

Readings: Varian, Chapters 15 (Market Demand) & 16 (Equilibrium) & 32 (Exchange)

Problem set 2 due

Theory of the Firm

Lecture 5: July 15

Readings: Varian, Chapters 19 (Technology) & 20 (Profit Maximization)

Lecture 6: July 17

Readings: Varian, Chapters 21 (Cost Minimization) & 22 (Cost Curves)

Problem set 3 due

Lecture 7: July 21

Readings: Varian, Chapters 23 (Firm Supply) & 24 (Industry Supply)

Problem set 4 due

Lecture 8: July 22

Readings: Varian, Chapter 25 (Monopoly) & 26 (Monopoly Behavior)

Lecture 9: July 24

Readings: Varian, Chapter 28 (Oligopoly)

Problem set 5 due

Lecture 10: July 28

Midterm: Midterm will cover Consumer Theory, Markets and Exchange, and Theory of the Firm.

Game Theory, Behavioral Economics, and Information

Lecture 11: July 29

Readings: Varian, Chapters 29 (Game Theory) & 30 (Game Applications)

Lecture 12: July 30

Readings: Varian, Chapters 31 (Behavioral Economics) & 10 (Intertemporal Choice) (except 10.4 and 10.5)

Problem set 6 due

NOTE: Lecture on Wednesday of this week only. No lecture Thursday, July 31.

Lecture 13: August 4

Readings: Varian, Chapters 12 (Uncertainty) & 38 (Asymmetric Information)

The Role of Government and Market Failure

Lecture 14: August 5

Readings: Chapters 35 (Externalities) & 37 (Public Goods)

Problem set 7 due

Final Exam: August 7

6–9pm