

ECON 80A: MICROECONOMIC THEORY
BRANDEIS UNIVERSITY
SUMMER 2008

Preliminary Syllabus

Instructor: Nabeela N. Alam (PhD Candidate, Department of Economics)
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Summer Session I: June 2 – July 3
Class times: MWR 11:15am – 1:45pm
Class location: Lemberg 54
Office hours: TBD
Office location: Sachar, PhD Room

Course website available on LATTE (<http://moodle.brandeis.edu>)

Prerequisites: ECON 8b, MATH 10a (or equivalent)
Please note that this class requires knowledge of calculus

Course description:

This course employs theoretical analysis to study various topics in microeconomics. We will cover topics such as consumer behaviour, 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.

Required course materials:

Textbooks: Robert H. Frank, “Microeconomics and Behaviour”, 6th edition,
McGraw-Hill Irwin

Schedule:

Problem sets: There will be 4 problem sets, and I will the scores of the best 3 will count towards your final grade.

Pset #	Date handed out	Date due
1	June 2	June 9
2	June 9	June 16
3	June 16	June 23
4	June 23	June 28

Midterm: TBA

Final exam: TBA

Grading:

Weekly problem sets, midterm and a final exam. Weight distribution:

Problem Sets 30%
Midterm 30%
Final 30%
Class participation 10%

Exams cannot be rescheduled except under extraordinary circumstances.

Policy on lateness:

No late problem sets are accepted. This is important given the short nature of the course. As a result, flexibility will be in the form of dropping the grade on the lowest-scoring problem set.

Academic Honesty:

You are expected to be honest in all your academic work. It is your responsibility to be familiar with Brandeis policies regarding academic honesty as described in the Rights and Responsibilities handbook available at <http://www.brandeis.edu/studentlife/sdc/rr/>. If you have any questions regarding expectations, please contact me.

Disability Information:

If you are a student with a documented disability on record at Brandeis University and you wish to have a reasonable accomodation made for you in this class, please see me immediately.

Course outline:

(A complete schedule will be available by the end of May)

I. Introduction and Math review

- Thinking Like an Economist (*Chapter 1*)
 1. Role of Economics
 2. Cost-Benefit Approach
 3. Rationality and Self-Interest (*Homo economicus*)
 4. Calculus of Two Variables

- Supply and Demand (*Chapter 2*)
 1. Demand and Supply Curves
 2. Equilibrium Concept
 3. Price Supports and Ceilings
 4. Taxes

II. Consumer Theory

- Rational Consumer Choice Model (*Chapter 3*)
 1. Preferences, Indifference Curves and Utility
 2. Budget Set
 3. Choosing the Best Bundle and the Demand Curve

- Comparative Statics (*Chapters 4,5*)
 1. Price and Income Elasticities
 2. Income and Substitution Effects
 3. Compensating and Equivalent Variations

III. Producer Theory

- Production (*Chapter 9*)
 1. Economic vs Accounting Profits/Costs
 2. Technology and Production Function, Isoquants
 3. Profit Maximizing Level of Output
 4. Marginal Product, MRTS
 5. Returns to Scale

- Costs (*Chapter 10*)
 1. Short-run Cost Curves (One variable input)
 2. Long-run Cost Curves (At least two variable inputs)

IV. Markets

- Competitive Markets (*Chapter 11*)
 1. Partial Equilibrium
 2. Short-run competitive supply
 3. Short-run profit maximisation
 4. Long-run profit maximisation

5. Applying the Competitive Model

- Non-Competitive markets:
 1. Monopoly (*Chapter 12*)
 2. Oligopoly Models – A Game Theoretic Approach (*Chapter 13*)

V. General Equilibrium and Welfare

- General Equilibrium and Market Efficiency (*Chapter 16*)
 1. Equilibrium in multiple markets
 2. Exchange economy
 3. Pareto efficiency and Welfare Theorems
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- Externalities and Public Goods (*Chapter 17*)
 1. Market failures
 2. Applications
 3. Property Rights and the Coase Theorem
 4. Public Goods – Social benefits/costs vs. private benefits/costs

VI. Behavioural Economics (time-permitting)