

Econ BC3035

Spring 2016

Intermediate Micro Theory

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Recitation Sections (First Recitation: 02.01.2016)

Section 1: Monday 4-5PM (Diana 203)

Section 2: Monday 7-8PM (Diana 203)

Important Dates

Midterm Examination: 03-10-2016 (5:30PM-7:00PM); Final Examination: 05-10-2016 (7:00PM-10:00PM)

Recommended Textbooks

I will provide notes for most of my lectures. They will be posted in the Syllabus section under the various Sessions. My lecture notes are based on the following textbooks which are recommended. Any recent edition would be fine.

Walter Nicholson, Intermediate Microeconomics (non-calculus)

Walter Nicholson, Microeconomic Theory (calculus based)

Hal Varian, Intermediate Microeconomics

Student Learning Objectives

- 1) Show fluency in the basic concepts, models and tools of microeconomic and macroeconomic theory.
- 2) Think critically about economic phenomena and economic debates by using multiple kinds of texts, evidence and conceptual approaches.
- 3) Apply economic reasoning to understand the causal determinants of economic events, empirical regularities, and policy proposals.

Session 1 - Introduction

(Tue Jan 19, 2016 05:40 PM)

Course description and various administrative details including assignment of lab sections.

Session 2 - Consumer Theory

(Thu Jan 21, 2016 05:40 PM)

Lecture: Characterization of Preferences and Utility Functions

Required Reading: Lecture Notes on Consumer Theory (Sessions 2-5); Please make sure to also go over the Math Review Notes in case your math skills are rusty.

Recommended Readings: (1) Walter Nicholson, Intermediate Microeconomics (9th Edition), Chapter 2 on Utility and Choice (WN-IM), and (2) Walter Nicholson, Microeconomic Theory (9th Edition), Chapter 3 on Preferences and Utility (WN-MT)

Problem Set: PS#1 (see attachment below) is a bunch of math review questions & choice problems. This is due on: 02-02-2016 (in class).

 [Math Review Notes](#)

 [Lecture Notes on Consumer Theory](#)

 [PS#1](#)

Session 3 - Consumer Theory

(Tue Jan 26, 2016 05:40 PM)

Lecture: Budget Constraints & Utility maximization

Session 4 - Consumer Theory

(Thu Jan 28, 2016 05:40 PM)

Lecture: Arbitrage argument for utility maximization; Lagrange expression; Indirect utility function; Expenditure function; Various examples

PS#2 due on: 02-08-2016 (in the LAB SESSION(S)).

 [PS#2](#)

Session 5 - Application of Consumer Theory

(Tue Feb 02, 2016 05:40 PM)

Lecture: Perfect Substitutes & Perfect Complements; Efficiency of Lump-Sum Tax

Session 6 - Demand Theory

(Thu Feb 04, 2016 05:40 PM)

Lecture: Income and Substitution Effects
Required Reading: Lecture Notes on Demand Theory
Recommended Readings: (1) Walter Nicholson, Intermediate Microeconomics (9th Edition), Chapter 3 on Individual Demand Curves (WN-IM), and (2) Walter Nicholson, Microeconomic Theory (9th Edition), Chapters 4 & 5 on Utility Maximization and Choice, and Income and Substitution Effects (WN-MT)

PS#3 is due on: 02-15-2016 (in the LAB SESSION(S))

 [Lecture Notes on Demand Theory](#)

 [BC3035-PS#3.pdf](#)

Session 7 - Demand Theory

(Tue Feb 09, 2016 05:40 PM)

Lecture: Individual Demand Curves; Compensated and Uncompensated Demand

Session 8 - Demand Theory

(Thu Feb 11, 2016 05:40 PM)

Lecture: Slutsky Decomposition; Theory of Revealed Preference

 [Lecture Notes on Theory of Revealed Preference](#)**Session 10 - Market Demand & Elasticity**

(Tue Feb 16, 2016 05:40 PM)

Lecture: Market Demand & Elasticity

Recommended Reading: Chapter 4 of WN-IM

Session 11 - Practice Problem Solving

(Thu Feb 18, 2016 05:40 PM)

Practice problems

Session 12 - Theory of Revealed Preference

(Tue Feb 23, 2016 05:40 PM)

Lecture: Theory of Revealed Preference; Examples; Market Demand

Required Reading: Lecture notes on Market Demand and Elasticity

PS#4 is due on: 02-29-2016 (in the LAB SESSION(S))

 [Lecture Notes on Market Demand and Elasticity](#) [PS#4](#)**Session 13 - General Equilibrium Analysis**

(Thu Feb 25, 2016 05:40 PM)

Lecture: Edgeworth Box; Trade; Pareto Efficient Allocations; Market Trades

Required Readings: Varian, Intermediate Microeconomics, Chapter 28 (4th Edition) (Attached)

Recommended Readings: Nicholson, Microeconomic Theory, Chapter on "Exchange"

PS#5 is due on: 03-07-2016 (in the LAB SESSION(S)).

 [Varian-Chapter28-General Equilibrium Analysis](#) [Lecture Notes-General Equilibrium Theory-S2013.pdf](#) [PS#5 Updated.pdf](#)**Session 14 - General Equilibrium Analysis**

(Tue Mar 01, 2016 05:40 PM)

Lecture: Existence of Equilibrium Prices
The First and Second Welfare Theorems

Problem sets: Please answer Review Questions at the end of the Varian Chapter on Exchange.

Session 15 - General Equilibrium

(Thu Mar 03, 2016 05:40 PM)

Session 16 - Short Run Producer Theory

(Tue Mar 08, 2016 05:40 PM)

Lecture: Short Run Production Theory and Profit Maximization

PS#6: Due 03.21.2016 (in the LAB SESSION(S)).

Recommended Reading: Chapter 5 of WN-IM



[Lecture Notes on SR Producer Theory](#)



[PS#6](#)

Session 17 - Midterm Examination

(Thu Mar 10, 2016 05:30 PM - 07:00 PM)

Session 18 - Spring Recess

(Tue Mar 15, 2016 05:40 PM)

University Holiday

Session 19 - Spring Recess

(Thu Mar 17, 2016 05:40 PM)

University Holiday

Session 20 - Long-Run Producer Theory

(Tue Mar 22, 2016 05:40 PM)

Lecture: Long-Run Producer Theory

PS#7: Due on 03-28-2016 (in the LAB SESSION(S)).

Recommended Reading: Chapters 6 and 7 of WN-IM



[Lecture Notes on LR Producer Theory](#)



[PS#7](#)

Session 21 - Cost Minimization

(Thu Mar 24, 2016 05:40 PM)

Lecture: Cost minimizing choice of inputs and costs functions

Session 22 - Short-Run Supply Curve

(Tue Mar 29, 2016 05:40 PM)

Lecture: Short run supply curve of a price taking firm; Break-even price; Shut-down price



[Lecture Notes on SR Supply](#)

Session 23 - Pricing in Competitive Markets

(Thu Mar 31, 2016 05:40 PM)

Pricing in Competitive Markets

Required Reading Chapter 8 of WN-IM

 [Lecture Notes on Pricing in Competitive Markets](#)

Session 24 - Monopoly Markets

(Tue Apr 05, 2016 05:40 PM)

Lecture on Monopoly Markets

PS#8 Due: 04-11-2016 (in the LAB SESSION(S)).

Recommended Reading: Chapter 10 of WN-IM

 [Lecture Notes on Monopoly Markets](#)

 [PS#8](#)

Session 25 - Market Separation & Perfect Price Discrimination

(Thu Apr 07, 2016 05:40 PM)

Lecture: Perfectly Price Discriminating Monopolist; Market Separation; Inefficiency and Distribution

Session 26 - Pricing Policies with Market Power

(Tue Apr 12, 2016 05:40 PM)

PS#9: Due: 04-18-2016 (in the LAB SESSION(S)).

 [Lecture Notes on Pricing with Market Power](#)

 [PS#9](#)

Session 27 - Decision Making under Uncertainty

(Thu Apr 14, 2016 05:40 PM)

Lecture on Decision Making under Uncertainty and Case Study on Supply & Demand for Oil

Recommended Reading: Chapter 15 of WN-IM

 [Oil Market](#)

 [Lecture Notes-Decision Making Under Uncertainty.pdf](#)

Session 28 - Information Asymmetry: Adverse Selection & Job Market Signaling

(Tue Apr 19, 2016 05:40 PM)

Lecture on Asymmetric Information: Adverse Selection and Job Market Signaling

PS#10 due: 05-02-2016 (in the LAB SESSION(S)).

 [Job Market Signaling \(Spence\)](#)

 [Lecture Notes on Labor Market Signaling](#)

 [BC3035-PS#10.pdf](#) [Akerlof-Lemons-QJE-1970](#)**Session 29 - Information Asymmetry: Adverse Selection & Job Market Signaling**

(Thu Apr 21, 2016 05:40 PM)

Lecture on Job Market Signaling

Session 30 - Human Capital Investments & Time Preference

(Tue Apr 26, 2016 05:40 PM)

Session 31 - Review Class

(Thu Apr 28, 2016 05:40 PM)

Session 32 - Final Exam

(Tue May 10, 2016 07:00 PM - 10:00 PM)

Final Examination

DRAFT - Session XX - Pricing in Imperfectly Competitive Markets

(Tue Apr 26, 2016 05:40 PM)

Files:**File Title**

[Lecture Notes on Pricing in Imperfectly Competitive Markets](#)

[PS#8](#)

Notes

Due: Wednesday 4-21-2010