

BC3035: Intermediate Microeconomics

Barnard College, Columbia University

INSTRUCTOR: Prof. Lalith Munasinghe

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COURSE DESCRIPTION:

This course introduces students to fundamental concepts in microeconomics: Preferences and demand; production, cost, and supply; behavior of markets in partial equilibrium; resource allocation in general equilibrium; pricing of goods and services under alternative market structures; implications of individual decision-making for labor supply; income distribution, welfare, and public policy. Additional applied microeconomics topics including decision-making under uncertainty, signaling, game theory, investments in human capital. Emphasis on critical thinking and problem solving.

PREREQUISITES:

An introductory course in microeconomics or a combined macro/micro principles course (ECON BC1003 or ECON W1105, or the equivalent) and one semester of calculus or ECON BC1007, or permission of the instructor.

LEARNING OBJECTIVES:

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

REQUIREMENTS AND EVALUATION:

8 problem sets, 2 midterms and a comprehensive, cumulative final. Problem sets will receive a check+, check, or check-, and solutions will be posted on Canvas soon after the PSs are collected. Hence no late problem sets will be collected.

Grading:

10% Problem Sets
25% Midterm 1
25% Midterm 2
40% Final Exam

HONOR CODE:

The honor code will be strictly enforced. Approved by the student body in 1912 and updated in 2016, the Code states:

We, the students of Barnard College, resolve to uphold the honor of the College by engaging with integrity in all of our academic pursuits. We affirm that academic integrity is the honorable creation and presentation of our own work. We acknowledge that it is our responsibility to seek clarification of proper forms of collaboration and use of academic resources in all assignments or exams. We consider academic integrity to include the proper use and care for all print, electronic, or other academic resources. We will respect the rights of others to engage in pursuit of learning in order to uphold our commitment to honor. We pledge to do all that is in our power to create a spirit of honesty and honor for its own sake.

RECOMMENDED TEXTBOOKS:

I will provide lecture notes for all of my classes. These notes will be posted in the Syllabus section under the various Sessions. The notes are based on the following textbooks, which are not required but are recommended. Any recent edition would be fine.

Walter Nicholson, Intermediate Microeconomics (non-calculus)

Walter Nicholson, Microeconomic Theory (calculus based)

Hal Varian, Intermediate Microeconomics

COURSE OUTLINE:

Session 1 - Introduction

Sessions 2 to 4 - Consumer Theory

Session 5 to 7 - Demand Theory

Session 8 - Theory of Revealed Preference

Session 9 - Market Demand & Elasticity

Session 10 - General Equilibrium Analysis

Session 11 - General Equilibrium Analysis / Midterm 1 Review

Session 12 - Midterm 1

Session 13 – Short-Run Producer Theory
Session 14 – Long-Run Producer Theory
Session 15 – Cost Minimization
Session 16 – Short-Run Supply Curve
Session 17 – Pricing in Competitive Markets
Session 18 – Monopoly Markets
Session 19 – Market Separation & Perfect Price Discrimination / Midterm 2 Review
Session 20 – Pricing Policies with Market Power
Session 21 - Midterm 2
Session 22 – Decision Making under Uncertainty
Session 23 – Investments in Human Capital
Session 24 – Information Asymmetry: Adverse Selection & Job Market Signaling
Session 25 – Review

TEACHING STYLE AND TIPS:

1. Class participation is very much encouraged. I also ask questions during class and you should feel free to seek clarification if something I say is unclear or confusing. Please turn off all your devices.
2. It is absolutely essential to keep up with this course. It is a course that builds on concepts previously studied. There is very little reading material, but you must understand the concepts involved thoroughly, i.e., in a foundational sense. You should concentrate on following the lectures closely because it makes the learning process very efficient. I also recommend reading the lecture notes in advance of each class and reviewing them after class. If the material I present in class is unclear, it is better to clarify things expressly.
3. This course is one of the most central courses in your economics program. It is this course that is a prerequisite for many of the more interesting upper-level topics courses that you would want to take.
4. The approach will be non-cookbook. The objective is to teach you how to think critically about economics . . . and my lectures will not be a recipe on how to solve your problem sets. The problem sets are an integral aspect of your learning and the lab sections are designed to help you with this aspect of the course.
5. After we finish the basic theory of the consumer, producer, markets, and GE, I will focus on doing some applied topics including some of the following: a case study of the crude oil market, real world pricing policies, information asymmetry, decision making under uncertainty, and “why do dancers’ smoke?” These latter topics will hopefully demonstrate the relevance of micro theory to some real-world issues that might interest you a bit more than the abstract theory that we must learn first.