Microeconomics (Econ500) Syllabus

Instructor: Stefan Krasa (skrasa@illinois.edu)
Office Hours: Wednesday 4:30-5:30pm. Office hours will be held via zoom. If you want an in-person meeting, please let me know.
Zoom link:

[redacted]

Teaching Assistant: Marcelo Rosa Mazzocato (marcelo4@illinois.edu)
Office Hours: MW 8:20-9:20am
TR 9:50-10:50am

Time::Monday and Wednesday, 9:30-10:50am (Section M1)
11:00-12:20pm (Section M2)

Please note that you must attend your section

Discussion Section: Fridays , 9:00-10:20 (Section M1)
10:30-11:50 (Section M2)

Lectures and discussions are in 1000 Lincoln Hall.

Covid Safety Measures: Please note that you must have "building access granted" in your Safer Illinois App, in order to attend class, discussions, and exams. It is your responsibility to maintain building access, as losing building access will not be considered as an excuse for missing exams. Additionally, as per University policy, face coverings must be worn at all times in the building - both your nose and mouth must be covered by your mask. Of course, if you have any symptoms of Covid please get tested and do not attend class! If this happens to you, please email me as soon as possible so that I can make sure that you can keep up with the material. I am looking forward to teaching in person this semester - so let's work together to keep each other safe.

Text books: The class is self-contained. That is you don't need a textbook. However, if you want to get more background on the concepts that we discuss, then I recommend Microeconomics, by *Pindyck and Rubinfeld* (any edition is fine). Their book provides a good

review, but the presentation of the material is at the undergraduate rather than the Masters level. So I will add some material that is contained in "Microeconomic Theory," by *Mas-Colell, Whinston,Green,* but it is simplified. I do not recommend their textbook for this course.

For additional problems, "Workouts in Intermediate Microeconomics" by *Bergstrom and Varian* is very useful. Bergstrom provides a free link at https://econ.ucsb.edu/~tedb/Courses/GraduateTheoryUCSB/workouts.pdf. I will provide a list of recommended questions from this text for additional practice.

Examinations: Your course grade will be determined by adding the points you received the two midterm examinations, the final, and the homework. I will post information on how the point score translates into grade. Both sections will take exams at the same time.

Mid-term Examination I: Monday, September 27, from 7:00-9:00pm. The maximum is 100 points. Classroom will be announced.

Mid-term Examinations II: Monday, November 1, from 7:00-9:00pm. The maximum is 100 points. Classroom will be announced.

You should consider these dates to be firm and put them in your schedule. If there is a change, it will be announced sufficiently in advance.

Final Examination: Friday, December 10th, 1:30pm-4:30pm. The maximum score on the final is also 100 points. Classroom will be announced. A possible conflict exam may be offered Thursday, December 16th, from 1:30-4:30pm.

Homework: Will be posted weekly (except for exam weeks) and is due on Wednesday. The maximum score on each homework is about 3 points. *Do not copy* the homework of other students, because you will get zero credit! You can get full credit on the homework even if there are some mistakes.

Course Content: In the following PR refers to Pindyck and Rubinfeld's book (if you want to have additional readings), while BV refers to Bergstrom and Varian. As mentioned, some of the material that we cover is not contained in this sources, but is a simplified presentation of Microeconomic Theory, by *Mas-Colell, Whinston,Green.*

1. Introduction (Chapter references refer to the textbook):

1. Supply and Demand (PR Chapter 2, BV Chapter 1, Chapter 15, Chapter 16)

2. Optimization: Linear Programing, Numerical Optimization (Not in the textbook)

2. Consumer Behavior and Demand:

    1. Preferences (PR Chapter 3.1, BV Chapter 3)

    2. Budget Constraint (PR Chapter 3.2, BV Chapter 2)

    3. Consumer Choice (PR Chapter 3.3, BV Chapters 4 and 5)

    4. Taxes, Income offer Curve, MRS (PR Chapter 3.5, BV Chapter 6)

    5. CES Preferences, Expenditure Function, Hicksean Demand

    6. Indirect Utility, Shepard's Lemma

    7. Optimization, Lagrangean

    8. Income and Substitution Effect (PR Chapter 4.2, BV Chapter 8)

    9. Slutzky Equation (BV Chapter 9, 10)

3. Choice under Uncertainty (PR Chapter 5, BV Chapter 12, 13)

4. Markets with Asymmetric Information (PR, Chaoter 17, BV Chapter 17)

5. Production (PR Chapter 6, BV Chapter 18)

6. Costs of Production (PR Chapter 7.1, BV Chapter 20, 21)

7. Competitive Profit Maximization (PR Chapter 8.1-8.3, BV Chapter 19,22)

8. The Analysis of Competitive Markets (PR Chapter 9, BV Chapter 23)

9. Monopoloy (PR Chapter 10.1-10.4 and 10.7, BV Chapter 24)

10. Pricing with Market Power (PR Chapter 11, BV Chapter 25).

11. Game Theory (BV Chapter 28)