

## Microeconomics (Econ500) Syllabus

**Instructor:** Stefan Krasa ([skrasa@illinois.edu](mailto:skrasa@illinois.edu))

Office Hours (only for students of Econ500): Thursday, 3:00-4:00pm.

Zoom link:

<https://illinois.zoom.us/j/81679406977?pwd=QTdvT3hpTXpzYUtrODBBVEp0T2d5dz09>

Meeting ID: 816 7940 6977, Password: 448872

**Teaching Assistant:** Sergio De Holanda Rocha ([sdrocha2@illinois.edu](mailto:sdrocha2@illinois.edu) )

Office Hours: Will be announced

**Time:** Monday and Wednesday, 9:30-10:50a

**Zoom Link:**

<https://illinois.zoom.us/j/89557563259?pwd=am50M0F3Nnc2SmJvenVwWTRJZ0lCUT09>

Alternatively, you can use the following zoom ID and password:

Meeting ID: 895 5756 3259

Password: MicroIsFun

**Discussion Section:** Fridays , 9:00-10:20

**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 addition 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.

*Mid-term Examination I:* Wednesday, March 3, during class. The maximum is 100 points.

*Mid-term Examinations II:* Wednesday, April 7, during class. The maximum is 100 points. 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:* Thursday, May 13, 8:00am-11:00 am. The maximum score on the final is also 100 points.

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**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 Programming, 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. Slutsky Equation (BV Chapter 9, 10)
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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. Monopoly (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)