John Hopkins University  
School of Arts and Science

Microeconomic Theory & Policy

Fall 2017  
Class Meets: Tuesdays 6:00-8:45pm (15 min break sometime between 7:15-7:35pm)

Instructor: Cristina Tello-Trillo  
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Course description: The purpose of the class is to introduce students to the analytical and theoretical framework that is used to study microeconomic policy. This course begins with an introduction to supply and demand and the basic forces that determine an equilibrium in a market economy. Next, it introduces a framework for learning about consumer behavior and analyzing consumer decisions. We then turn our attention to firms and their decisions about optimal production, and the impact of different market structures on firms' behavior. The rest of the course provides an introduction to some of the more advanced topics that can be analyzed using microeconomic theory. These include international trade, minimum wages and employment, the impact of uncertainty on consumer behavior, externalities, among others.

Textbooks:

Required:
- Copies of the lecture notes, problem sets and other relevant documents will be made available through the course website.

Office Hours: Before/After class by appointment.

Grading:

- Midterm Exam: 25%
- Final Exam: 35%
- Problem sets 1-5: 10% each (I will drop each student’s lowest Pset grade)

I encourage you to discuss the problems with your classmates. From my experience as a student, you can learn a great deal from your fellow students. You can work in groups of up to 3 students. Each group should submit only one solution.

Deadlines: All problem sets are due before class on Tuesday. Late submissions are not acceptable.
Tentative Course Outline:

Introduction and Preview:
- Aug 29: Introduction: Economic Models and Mathematics for Microeconomics
  (Nicholson 11th and 12th edition, Chapters 1-2)

Consumer Theory:
- Sept 5: Consumers’ preferences & utility maximization
  (Nicholson 11th and 12th edition, Chapters 3-4)
- Sept 12: Income & substitution effects. Pset #1 Due.
  (Nicholson 11th and 12th edition, Chapters 5-6)

Producer Theory:
- Sept 19: Firms’ production-cost functions
  (Nicholson 11th and 12th edition, Chapters 9-10)
- Sept 26: Firms’ profit maximization Pset #2 Due
  (Nicholson 11th and 12th edition, Chapters 11)

Competitive Markets:
- Oct 3: The partial equilibrium competitive model.
  (Nicholson 11th and 12th edition, Chapters 12)

**Oct 10: Midterm. Pset #3 Due**
- Oct 17: Labor Markets
  (Nicholson 11th and 12th edition, Chapters 16)

Market Power:
- Oct 24: Monopoly.
  (Nicholson 11th and 12th edition, Chapters 14)
- Oct 31: Game theory & imperfect competition. Pset #4 Due
  (Nicholson 11th and 12th edition, Chapters 8, 15)

Asymmetric Information:
- Nov 7: Uncertainty & asymmetric information.
  (Nicholson 11th and 12th edition, Chapters 7, 18)

Market Failure:
- Nov 14: Externalities & public goods. Pset #5 Due
  (Nicholson 11th and 12th edition, Chapters 19)

Applications:
- Nov 28: International Trade, Tariffs and Quotas.

**Dec 5: Final Exam**
Final Course Grades

Students’ grades on each component of the course will be weighed according to the scale above to calculate their numerical course grade. The numerical course grades will be translated into letter grades as follows:

- 93-100 A
- 90-92 A-
- 80-89 B+
- 70-79 B
- 60-69 B-
- 50-59 C+
- 40-49 C
- 30-39 C-
- 20-29 D+
- 10-19 D
- 0-9 F

I might give an A+ to a student(s) at the very top of the class’ grade distribution.