

Microeconomic Theory

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Class Time: Thursday 6pm – 8:45pm
Office Hours: Following Class or by Appt.

This class covers microeconomic theory and the application of that theory to real-world situations. We will explore the fundamentals of market functions in detail and how scarce resources are allocated through decision-making by agents and interactions in marketplaces. In particular, we will examine consumer and utility theory, the properties of production and cost functions, and the mechanics of market equilibrium. We will address input markets (labor and capital) and will evaluate the implications of certain types of market imperfections, such as uncertainty and market power. A goal of the course is to provide students with theoretical and analytical tools to evaluate microeconomic questions including the likely impact of public policy in various economic circumstances.

Course Requirements and Grades

It is assumed that students have already taken an introductory course in microeconomics and have working knowledge of the mathematics covered in the Mathematical Methods for Economists course. This course will include the extensive use of constrained multivariate optimization. It will be assumed that students are comfortable with basic calculus and have had exposure to optimization.

Grades will be based on performance on 8 weekly problem sets, a midterm, and a final exam.

- Course grade will be determined according to the following weights:
 - Problem Sets (7) 35%
 - Midterm 30%
 - Final Exam 35%
- Homework and Papers are to be handed to me by 6:30pm on each due date.
- Late homework will not be accepted – 8 problem sets will be assigned and your highest 7 homework grades will count.

Readings and Textbook

Nicholson, Walter and Christopher Snyder, *Microeconomic Theory: Basic Principles and Extensions* (11th Edition), South-Western College Publishers, 2011.

However, you could instead purchase the 10th Edition from 2008 (cheaper than the 11th), or the 12th Edition from 2016 (more expensive than the 11th). International versions of all of these texts will suffice as well. The basic economics in each of the above options is essentially the same – so make the right choice for you.

Electronics and Internet Access

I will post various materials on Blackboard including materials for reading and review. Despite that we all love electronic gadgets – all phones, electronic notepads, and other electronic devices should be in silent mode and remain unused during class (unless used actively to take notes). I will use an e-mail distribution list to contact the class as needed and answer questions.

Schedule

Class	Date	Expected Lecture Topics	Textbook Chapters	Homework Due
1	Jan 11	Economic Modeling and Math Tools	1, 2	
2	Jan 18	Utility and Consumer Choice	3, 4	HW 1
3	Jan 25	Demand, Income and Substitution Effects	5, 6	HW 2
4	Feb 1	Production Functions and Cost Functions	9, 10	HW 3
5	Feb 8	Profit Maximization	11	HW 4
6	Feb 15	Partial Equilibrium	12	
7	Feb 22	Midterm		
8	Mar 1	General Equilibrium	13	
9	Mar 8	Uncertainty and Game Theory	7, 8	HW 5
10	Mar 15	Market Power	14, 15	HW 6
11	Mar 29	Input Markets	16, 17	HW 7
12	Apr 5	Market Failure	18, 19	HW 8
13	Apr 12	Microeconomics in Context and Public Policy	n/a	
14	Apr 19	Final Exam		