Microeconomics Theroy I

Fall 2021

Sepehr Ekbatani

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Instructor: Sepehr Ekbatani (sepehrekbatani@teias.institute)

Class Time: Sat & Mon 11 AM-12:30 PM

Office Hours: Sat 3-4 PM

Teaching Assistants:

- Mostafa Mehrabi (mo3tafa.mehrabi@gmail.com)

  - Discussion: Wed 12:30-2 PM, OH: Sun 9:30-10:30 AM

- Milad Mozafari (miladmjay@gmail.com)

  - Discussion: Wed 3:30-5 PM, OH: Sat 4-5 PM

- Zeynab Sadeghi (zeynabsadeghi.ta@gmail.com)

  - Discussion: Wed 2-3:30 PM, OH: Tue 9:30-10:30 AM

Objectives:

This unit is a graduate level introduction to Microeconomics. The objective is to provide students with a firm grounding in the analytic methods of microeconomic theory used by economists working in research, government, and business. Special emphasis will be placed on the design and the solution of simple economic models and on ensuring that students become familiar with basic optimisation and equilibrium techniques.

Course Summary:

The course mainly focuses on classical theories of consumer and producer behaviour and on the theory of general equilibrium. We begin with a careful analysis of the optimization problems for price-taking

consumers and firms. We then analyze market interaction and the formation of prices in the framework of perfect competition. We conclude with introductions to decision making under uncertainty and existence of externalities.

Problem Sets:

There will be a weekly problem set to accompany the lecture material and reading. It will be posted on Wednesday morning and is due the following *Wednesday at 10AM*. You will gain the most from spending a lot of time doing the problems without reading solutions that may be floating around. Study groups are good, but write up your solutions individually. Solutions to each problem set will be posted ex post. No problem sets the weeks of exams. You will get 10% extra points if you type your assignments.

Exams:

There will be two midterm exams held in class, tentatively on 6th and 10th week of classes. The final exam will be *cumulative.*

- **Midterm 1**: Aazar 8th (*tentatively*)
- **Midterm 2**: Dey 6th (*tentatively*)
- **Final**: Bahman 4th

Grade Breakdown:

Your final score will be computed according to the most favorable (for you) of the three weightings.

	Scheme A	Scheme B	Scheme C
Problem Sets	10%	10%	10%
Midterm Exam 1	20%	0%	20%
Midterm Exam 2	20%	20%	0%
Final Exam	50%	70%	70%

The distribution of course grades will correspond roughly to the TeIAS recommended grade distribution.

Textbooks:

The course will be mainly based on textbook:

- Riley, Essential Microeconomics, Cambridge University Press, 2012

The following textbooks can also be useful as additional readings:

- Mas-Colell, Whinston, Green, Microeconomics Theory, Oxford University Press, 1995
- Varian, Microeconomics Analysis, 3rd Edition, Norton, 1992

Course Outline:

1. **Introduction and Optimization**

   - Riley, Chapter 1

   - Riley, Appendix A & C

2. **Decision Theory, Consumer Theory and Welfare**

   - Riley, Chapter 2

   - MWG, Chapter 1

   - MWG, Chapter 3.A-3.I

3. **Producer Theory**

   - Riley, Chapter 4

   - MWG, Chapter 5.A-5.D

4. **Competitive Markets and Equilibrium**

   - Riley, Chapter 3

   - Riley, Chapter 5

   - MWG, Chapter 10.A-10.E

5. **Choice under Uncertainty**

   - Riley, Chapter 7

   - MWG, Chapter 6.A-6.B

6. **Externalities and Public Goods** *(if time permits!)*

   - MWG, Chapter 11.A-11.C

   - Riley, Chapter 5.4

7. **Equilibrium in Financial Markets:** *(if time permits!)*

   - Riley, Chapter 8

   - MWG, Chapter 19.C