

Temple University, Department of Economics
Econ 8001 Microeconomic Analysis
Fall 2015

Instructor: Dimitrios Diamantaras Office: RA813

Course meetings: Tuesdays, 5:30–8:00 pm in Anderson 28

Contact information:

Email: dimitrios.diamantaras@temple.edu Phone: 215-204-8169

Email contact is strongly preferred; you must use your Temple email. During the week, I will normally respond within 24 hours. If I have not responded within 48 hours, please send a follow-up email.

Office Hours: Tuesday 3:30–4:30pm, Wednesday 3:00pm–4:00pm, Thursday 11:00am–12:30pm. Additional office hours available by request; such requests must be made via email at least 48 hours in advance of the desired time.

See me during office hours for any problem related to our course or to your completion of any assignment for the course.

Prerequisites

Although not required, I strongly encourage you to take Econ 8003 (Mathematics for Economists I) concurrently.

Students with Disabilities

This course is open to all students who meet the academic requirements for participation. Any student who has a need for accommodation based on the impact of a disability should contact the instructor privately to discuss the specific situation as soon as possible. Contact Disability Resources and Services at 215.204.1280 in 100 Ritter Annex to coordinate reasonable accommodations for students with documented disabilities. Website: <http://www.temple.edu/disability/>

Statement on Academic Freedom

Freedom to teach and freedom to learn are inseparable facets of academic freedom. The University has adopted a policy on Student and Faculty Academic Rights and Responsibilities (Policy # 03.70.02) which can be accessed through the following link http://policies.temple.edu/getdoc.asp?policy_no=03.70.02.

Readings

The required text for this course is:

- Nicholson and Snyder: “Microeconomic Theory: Basic Principles and Extensions,” South-Western, 11th ed.

This text is available at the bookstore.

On occasion, this book is not rigorous enough for the purposes of this course. Your class notes should be a sufficient supplement, but if you would like a text for everything we do in class, this book will not suffice. If you consider buying a more advanced text, the following four are good options:

- Jehle and Reny: “Advanced Microeconomic Theory.” Solid book. Good choice for PhD students.
- Mas-Colell, Whinston and Green (MWG): “Microeconomic Theory.” The “bible” of microeconomics. Very high level, only recommended for PhD students, but it is definitely a “must” for these students.
- Rubinstein: “Lecture Notes in Microeconomic Theory: The Economic Agent,” Princeton University Press, 2012, 2015 version freely available as a PDF. An excellent, but a bit idiosyncratic, presentation of some of the material we will cover. Suitable for PhD students.
- Varian: “Microeconomic Analysis.” A classic text. A bit dated by now and not complete for our purposes, but still a very good supplementary text. This text will likely be used by Prof. Zusai in the next part of the micro sequence. Recommended purchase for PhD students.

If you have a weak background and would like a text with a more intuitive approach, you may want to consider the following options (as supplements):

- Serrano, Roberto and Feldman, Allan: “A Short Course in Intermediate Microeconomics with Calculus,” Cambridge University Press, 2013. A new book, with short and clear presentation of the material and a light use of math.
- Varian: “Intermediate Microeconomics.” This text has been around for a long time. It is currently in the 9th edition, but older editions are perfectly acceptable.
- Besanko and Baeutigam: “Microeconomics.” Better written than the Varian text, but not as complete. Really only if you have a very weak background.
- Nechyba: “Microeconomics: An Intuitive Approach with Calculus.” Make sure to buy the version with calculus. This text blends the intuitive approach of an intermediate text with the rigor and mathematical approach of a graduate text. For MA students, this book may be sufficient as the only text – but be warned, not everything we will cover in class is discussed in this text.

Course Objectives

This is the first course of the core sequence in microeconomics. The course consists of three parts: the first part provides a rigorous and comprehensive treatment of consumer and producer theory, the second part covers competitive markets and the welfare theorems and the last part discusses cases of market failure. The theoretical approach of this course is designed to provide a strong foundation for the remaining course work, not only in microeconomics but also in other fields.

Grading

There are two midterm exams and one final exam. Both midterms are one hour long and will be administered during class time. The tentative dates for the midterm exams are **October 6** and **November 17**, respectively. The final exam has been scheduled by the College of Liberal Arts for Tuesday, **December 15**, 5:45–7:45pm. Your grade in the course will be determined as follows:

Exams: 80%

Assignments: 20%

The exam grade will be computed as follows:

$$0.4 * \text{final} + 0.3 * \max \{ \text{midtermI}, \text{midtermII} \} + 0.3 * \max \{ \text{final}, \min \{ \text{midtermI}, \text{midtermII} \} \}$$

subject to the provision that the max rule applies only if you achieve a grade of at least 25% in both midterm exams. If you do achieve a grade below 25% in either of the midterms, then both midterm marks count for 30% each. This implies in particular that you cannot discard one of the midterm exams by submitting an empty exam paper. In other words, you may pass the weight of your worst midterm to the final, but one midterm and the final will count.

The tests will be given at the beginning of the class; students who are late to class and miss the examination and will not be given the opportunity for a make up. All exams will be closed-book.

There will be no extra credit opportunities.

Letter grades for the entire course will be assigned as follows:

90 - 100 = A	70 - 74 = B-	57 - 59 = D+
85 - 89 = A-	67 - 69 = C+	53 - 56 = D
80 - 84 = B+	63 - 66 = C	50 - 52 = D-
75 - 79 = B	60 - 62 = C-	0 - 49 = F.

Course Policies

Attendance

As a matter of course policy, I will not take attendance, and attendance is not an element of the course assessment. However, I believe attendance will be vital to learning the material and achieving the course objectives. If you must be absent, show up late, or leave early, it is your responsibility to obtain lecture notes and other information about what was covered during the lecture from your classmates.

Assignments

There will be frequent assignments posted on the course website. These assignments are intended to help you master the material covered in this course. It is imperative you work through these assignments very carefully. You are required to hand these in for grading. Details will be discussed in class.

Academic Violations

I follow a policy of zero tolerance for violations of standards of academic conduct. Any infractions against academic integrity will receive severe punishments and will be reported to the University Disciplinary Committee.

You can find the *Student Code of Conduct* at http://policies.temple.edu/getdoc.asp?policy_no=03.70.12 and the statement on *Student and Faculty Academic Rights and Responsibilities* at http://policies.temple.edu/getdoc.asp?policy_no=03.70.02.

Course Outline¹

1. Math review NS 2
2. Consumer Theory
 - (a) Preferences, Choice, Utility, Demand – N(2, 4, 5, 7, 10); NS(3, 4, 5, 6)
 - (b) Applications: Labor Supply and Intertemporal Choice – N(3,8); NS(16, 17)
 - (c) Choice under Uncertainty – N(17); NS(7)
3. Producer Theory – N(11, 12, 13); NS(9, 10, 11)
4. Competitive Markets and Welfare Theorems – N(14, 15, 16); NS(12, 13)
5. Beyond Competitive Markets
 - (a) Asymmetric Information; Externalities and Public Goods – N(21, 22, 27); NS(19)
 - (b) Challenges from Psychology and Philosophy (N 29)

(Date of this draft: August 18, 2015)

¹Chapter numbers in Nicholson & Snyder (NS) 11th edition and Nechyba (N)