Economics 601
Microeconomic Analysis I

Instructor: Harvey Lapan 283 Heady Hall (294-5917) hlapan@iastate.edu
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Classes: Lectures Monday and Wednesday, 11:00 am - 1:00 pm 272 Heady Hall
Lab Friday, 3:10 pm – 5:00 pm 272 Heady Hall

Office hours: Lapan: Mon. and Wed., 1:30 pm – 3:00 pm; feel free to come by other times
Jinjing Luo Wed, 3:10-5:00 pm

Web page: http://www.econ.iastate.edu/classes/econ601/lapan

Disability Statement
If you have a documented disability and anticipate needing accommodations in this course, please make arrangements to meet with me soon. Please request that a Disability Resources staff person send a SAAR form verifying your disability and specifying the accommodation you will need.

Course description
This is the first of two required Ph.D. core theory courses in microeconomics. The objective is to introduce students to the standard problems of microeconomics, and to develop concepts and skills useful for advanced analysis in all areas of economics. The course will emphasize single-agent optimization problems, including decisions under uncertainty, but will also provide an introduction to aggregation issues and partial equilibrium analysis.

Prerequisites
This course presumes knowledge of intermediate microeconomics, as well as basic mathematical skills suited for graduate work in economics (in particular, students should be proficient on the topics covered in the “Math Camp” offered during August). The material covered in the first part of Economics 600 is also particularly useful for this course.

Homework
Problem sets will be assigned most weeks and posted on the course web page. You are expected to work through all of the problems and to turn in your answers to Jinjing Luo’s mailbox by 3:00 pm on Thursday (unless otherwise informed). You may work with others on the problem sets but you must write up the answers to the problem sets yourselves. Your problem sets and discussion section participation will count for 20% of your grade. The problem sets will be discussed at the Friday discussion section, where you may be asked to present the solution. You should attend the discussion section.

Learning Objectives
Economics 601 is the first of two required courses in the Ph.D. Microeconomic theory sequence. After these courses you should:

- Be able to think critically about microeconomic issues
- Be able to read critically the current frontier literature in microeconomics
- Have the tools required to pursue your own independent research on microeconomic topics
**Grades:**
20% homework and participation (problem sets and lab sessions)
50% 2 midterm exams: 25% each – dates to be determined
30% final exam: finals week, currently scheduled for Tues, Dec. 16, 7:30-9:30 am

**Required textbook**

**Recommended textbook**

**Other useful books**

Graduate microeconomics:

Mathematical economics:

Note: These books are available in “Reserve” in the main library.

**Detailed Outline and Suggested Readings**

**Part 1: Consumer Theory**


**Duality.** Hyperplanes and halfspaces. Separating and supporting hyperplane theorems. Duality results for the expenditure function and the at-least-as-good set. Sufficient conditions for an expenditure function. Recovering the direct utility function from an expenditure function and from an indirect utility function.


Part 2: Producer Theory


Varian (1992), chapter 1 (pp. 1-20).


Mas-Colell, Whinston, and Green (1995), chapter 5 (pp. 139-147)
Varian (1992), chapter 4 (pp. 49-61, 64-77, pp. 81-93)


Mas-Colell, Whinston, and Green (1995), chapter 5 (pp. 135-139 and 149-152).
Part 3: Partial Equilibrium


Varian (1992), chapter 14.

Part 4: Uncertainty and Risk Aversion


Mas-Colell, Whinston, and Green (1995), chapter 6 (pp. 167-194).


Note: topics labeled with the * symbol will be covered explicitly if time allows.