PP 32310: Advanced Microeconomics for Public Policy I

Instructors:

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  Office hours: By appointment, please contact Lydia Veliko at lydiav@uchicago.edu
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Course Objectives: Students should learn the neoclassical theories of consumer behavior, production, and competitive equilibrium. Students will also be introduced to the selection problem, theories of investment in human capital, and theories of unemployment.

Text: Hal Varian, *Intermediate Microeconomic* [any addition]

Lecture: The lecture is in Room 140C at 10:30 to 11:50, Mondays and Wednesdays.

Grades: We base grades on homework assignments, a midterm exam, and a final exam. The weights are as follows:

30% Homework
35% Midterm Examination
35% Final Examination

Homework: You will have about 6 homeworks for the class. You will work in groups, and we will assign the groups. We will *not* accept late homework. Each assignment will receive an equal weight.

Review Sessions: TAs will run discussion sessions to review lectures and field any questions about homeworks.

Appointments: Please make email contact to see us. For Black, please email Lydia Veliko at lydiav@uchicago.edu.

Final
Monday, December 5th, from 9:00 to 12:00.
Tentative Schedule and Readings

September
26 Preferences Theory (Varian, chapters 3 & 4)
28 Budget sets (Varian, chapter 2)

October
3 Choice (Varian, chapters 4, 5, & 6)
5 Revealed preference
10 Expenditure and indirect utility functions and the empirical content of preference theory
12 Expenditure and indirect utility functions and the empirical content of preference theory
17 Have real median earnings in the US declined? (Boskin, et al)
19 Have real median earnings in the US declined?
24 Subsidies End of material for Midterm
26 Auctions (Varian, chapter 18)
31 Roy Model (Roy)

November
2 Perfect capital markets and investment in human capital (Barron, Black, and Loewenstein)
7 Perfect capital markets and investment in human capital (Hutchens)
9 Imperfect capital markets, investment in human capital, and government intervention (Avery and Turner)
14 Asymmetric information and government intervention in capital markets (Stiglitz and Weiss)
16 Asymmetric information and government intervention in capital markets
21 Labor supply (Varian, chapter 9)
23 Unemployment: worker preferences and fixed costs (Hallock and Black, Smith, Berger and Noel)
28 Unemployment: principal-agent models and efficiency wages (Ritter and Taylor)
30 Unemployment: specific human capital and economics shocks (Jacobson, LaLonde, and Sullivan)

Other Readings (Access from Campus)


