

PPHA 44200: Advanced Microeconomics

Instructor: Damon Jones

Office: Harris 160

Office Hours: Wednesdays, 3:00p – 3:55p (or by appointment)

Email: damonjones@uchicago.edu

Teaching Assistants: TBD

Office Hours: TBD

Course Objectives: Students will build upon neoclassical microeconomic theory by exploring deviations from the standard competitive model. Topics include competitive market partial equilibrium, imperfect competition, externalities, public goods and asymmetric information. Policy applications from public finance will be considered, including optimal income taxes. Finally, we will consider the application link between theory and data in the context of the empirical public finance literature on bunching.

Prerequisites: PPHA 44100 or instructor's permission. You should be comfortable with calculus and linear algebra and game theory concepts covered in the fall quarter in PPHA 41102.

Texts:

Varian, *Microeconomic Analysis*, 3rd edition.

Hermalin, *Lecture Notes for Economics* (Available on Chalk for free)

Additional References:

Varian, *Intermediate Microeconomics*, any edition

McAfee, *Introduction to Economic Analysis* (on Chalk for free)

Deaton and Muellbauer, *Economics and Consumer Behavior*.

Mas-Colell, Whinston, and Green, *Microeconomic Theory*.

Gibbons, *Game Theory for Applied Economists*.

Salanié, *The Economics of Contracts: A Primer*, 2nd Edition.

Kreps, *A Course in Microeconomic Theory*.

Salanié, *The Economics of Taxation*

Tirole, *Industrial Organization*.

Grades: We base grades on homework assignments, a midterm exam, and a final exam.

The weights are as follows:

35% Homework

30% Midterm Examination

35% Final Examination

Schedule: Lecture will meet on Tuesdays and Thursdays from 10:30am – 11:50am in Harris Rm. 140C. The in-class midterm will take place on Tuesday, February 10th, 2014 and the final exam will take place on Monday, March 16th, from 9:00am – 12:00pm.

Homework: You will have about 5 homework assignments for the class. You may work in groups on the homework, but each student must hand in individual assignments. We will *not* accept late homework. Each assignment will receive an equal weight.

Topics:

(V) Hal Varian, *Microeconomic Analysis*

(H) Hermalin, *Lecture Notes for Economics*

1. Partial Equilibrium (V. 13)
2. Monopoly (V. 14, H. 2, 3, 4, 5)
3. Oligopoly (V. 16)
4. Externalities (V. 24)
5. Public Goods (V. 23)
6. Asymmetric Information (V. 25, H. 6, 7, 12, 13)
7. Applications: Public Finance