



PUBLIC POLICY 32300:  
MICROECONOMICS AND PUBLIC POLICY I  
Fall 2016: Mon Wed

**Instructors:** Thomas Coleman, Kathryn Ierulli

**Course goals:** This course is the first of a two-quarter sequence in microeconomic theory. The course covers consumer choice, market equilibrium, and introduction to the theory of the firm. It provides a careful and rigorous presentation of the foundations of microeconomics. An important goal will be to show how these tools apply to various policy questions and applications will be discussed in tandem with the course material (examples might be discussion of minimum wages, labor supply and taxes, fixed costs and licensing restrictions as applied to taxis and Uber) but the primary focus is on the tools and techniques of microeconomics and price theory. The course does not require prior training in economics, although prior courses will be helpful. Those with strong economics training might consider PPHA 32310.

**Prerequisites:** You will need no more mathematics for the course than what has been covered in “Math Camp”.

**Key Announcements:**

- The course will be taught in three sections (Coleman: 9am-10:20; Ierulli: 10:20am-11:50 & 1:30pm-2:50.) You must attend the time slot to which you have been assigned.
- We will not hand out slides before lecture. We will usually post slides after the class meeting.
- The syllabus, slides, and problem sets will be the same across the three sections.
- Each week TAs will hold multiple review sessions to go over material from the previous week’s lectures. In addition they will also offer office hours slots where you can receive more individualized attention on a first-come, first-served basis. All TA sessions will be joint across the three sections.
- **Requirements and grading:** Grades will be based on problem sets (homework assignments, 20%), a midterm exam (35%), and a final exam (45%). For problem sets we strongly encourage you to work in small groups of your own choosing, consisting of up to 4 students. If you work in a group, you may submit one problem set for the group or you may turn in homework individually (with the names of your group included). Problem sets are due *at the beginning of lecture* on the day stipulated. *Late problem sets will not be accepted.*

**Text:** The main material for the course is what we cover in class, in lectures. We will draw material from two texts, *Intermediate Microeconomics with Calculus* (essentially the same as *Intermediate Microeconomics* 9th ed.) by Hal Varian, and *Price Theory and Applications* by Steven Landsburg. Earlier editions of the textbooks are fine if you already own one or would prefer to buy one used.

## Summary Outline

Lect	Date		Topic	Varian
1			Introduction	
2			Budget constraints	Ch. 2
3			Preferences and Utility I	Ch. 3
4			Preferences and Utility II	Ch. 4
5			Choice	Ch. 5
6			Demand I: Changes in income	Ch. 6
7			Demand II: Income and substitution	Ch. 7
8			Demand III: Changes in price	Ch. 8
9			Application: Public Policy and Labor Supply	
10			Consumer's Surplus	Ch. 14

Lect	Date		Topic	Varian
11.			Production Basics	Ch. 19
12.			Profit maximization	Ch. 20
13.			Cost minimization (and cost curves)	Ch. 20, 21
14.			Firm supply	Ch. 23
15.			Industry supply and market demand	Ch. 15, 24
16.			Price controls and Quantity Restrictions	Ch. 16
17.			Equilibrium II: Taxes , Public	Ch. 16
18.			Behavioral Economic	Ch. 31