

**Advanced Microeconomics for Public Policy 1  
(Incomplete: Some Logistics Yet to Be Set)**

This course will cover a number of topics in microeconomic theory, with an emphasis on decision theory, consumer theory, and equilibrium. Applications will include intergenerational mobility and discrimination.

**Organization:**

**Lectures:**

In-person lectures Mondays and Wednesdays 3:00-4:20 in Keller 1002

Lecture notes will be distributed in advance of each topic. Students are strongly encouraged to study the notes prior to the lectures. These notes form the foundation of the course.

**TA sessions:**

Students are asked to submit questions in advance on the Piazza forum (accessible via Canvas).

Zoom links for both TA sessions and Lectures will be provided on Canvas.

**Readings:** Walter Nicholson and Christopher N. Snyder, *Microeconomic Theory* is the primary text for the course and Carl Simon and Lawrence Blume, *Mathematics for Economists* is the supplementary text. Other readings consist of scholarly articles.

**Grading:** Grades are based on homework assignments, a midterm exam, and a final exam. The weights of these are: Final 40% Homework 30% Midterm 30%.

There will be 6 homework assignments. The assignments will be due 10/10, 10/17, 10/24, 10/31, 11/14, 11/21.

**Homework:** Assignments will be done in preassigned groups and graded assigned to groups. All assignments will receive equal weight. Assignments should be submitted on-line on Canvas and are **due at 23:59pm on Sundays**. No late assignments will be accepted.

**Professor Office Hours:**

TBD

**TA Office Hours:**

TBD

**Exams:**

Midterm: November 2

Final: Week of December 6-10 date TBD

## Course Schedule (Subject to Adjustment)

### September 28: Theory and Public Policy: Overview

- Nicholson and Snyder, Chapter 1.
- Becker, G. 1993. "Nobel Lecture: The Economic Way of Looking at Behavior." *Journal of Political Economy* 101: 385-409.
- Heckman, J. 2001. Micro Data, Heterogeneity, and the Evaluation of Public Policy: *Journal of Political Economy* 109: 673-748.

### September 30: Ethics and Public Policy

- Kaplow, L. and S. Shavell. 2001. "Any Non-Welfarist Method of Policy Assessment Violates the Pareto Principle." *Journal of Political Economy* 109: 281-286.
- Roemer J. 1993. "A Pragmatic Theory of Responsibility for the Egalitarian Planner." *Philosophy and Public Affairs* 22: 146-166.
- Sen, A. 1970. "The Impossibility of a Paretian Liberal." *Journal of Political Economy* 78: 152-157.

### October 3: Ethics and Public Policy (Continued)

### October 5: Tools 1: Functions, Maximization

- Nicholson and Snyder, Chapter 2.1-2.10.

### October 10: Tools 2: Probability and Uncertainty

- Nicholson and Snyder, Chapter 2.11-2.12.

### October 12: Theory of Choice 1: Preferences and Budget Sets

- Nicholson and Snyder, Chapters 3 and 4.
- Akerlof, G. and R. Kranton. 2000. "Economics and Identity." *Quarterly Journal of Economics* CVX: 715-753.
- Becker, G. 1962. "Irrational Behavior and Economic Theory." *Journal of Political Economy* 70: 1-13.

### October 17: Theory of Choice 2: Income and Substitution Effects

- Nicholson and Snyder, Chapter 5.

### October 19: Theory of Choice 3: Uncertainty

- Nicholson and Snyder, Chapter 7, 17.1-17.6.
- Brock, W. and S. Durlauf. 2017. "On Sturdy Policy Evaluation." *Journal of Legal Studies* 44: S447-S473.

### October 24: Theory of Choice 3: Uncertainty (continued)

### October 26: Theory of Choice 4: Complementarity

- Nicholson and Snyder, Chapter 6.

- Amir, R. 2005. "Supermodularity and Complementarity in Economics: An Elementary Survey." *Southern Economic Journal* 71: 636-660. (Section 2 and the example from consumer theory)

### October 30: Review

### November 2: Midterm

#### November 7: Complementarities and Equilibrium

- Nicholson and Snyder, 8.1-8.4, 8.10.
- Becker, G. 1973. "A Theory of Marriage, Part I." *Journal of Political Economy* 81: 813-846.
- Cooper, R. and A. John. 1988. "Coordinating Coordination Failures in Keynesian Models," *Quarterly Journal of Economics* 103: 441-463. (Sections I and II).

#### November 9: Complementarities and Equilibrium (Continued)

#### November 14: Intergenerational Mobility

- Becker, G., S. Kominers, K. Murphy, and J. Spenkuch. 2018. "A Theory of Intergenerational Mobility." *Journal of Political Economy* 126: S1-S25.
- Becker, G. and N. Tomes. 1979. "An Equilibrium Theory of the Distribution of Income and Intergenerational Mobility." *Journal of Political Economy* 87: 1153-1189.
- Durlauf, S. 1996a. "A Theory of Persistent Income Inequality." *Journal of Economic Growth* 1: 75-93.
- Durlauf, S., A Kourtellos, and C.-M. Tan. "The Great Gatsby Curve." *Annual Review of Economics*, forthcoming.

#### November 16: Intergenerational Mobility (Continued)

#### November 28: Discrimination

- Charles, K. and J. Guryan. 2011. "Studying Discrimination: Fundamental Challenges and Recent Progress." *Annual Review of Economics* 3: 479-511.
- Durlauf, S. 2006. "Assessing Racial Profiling." *Economic Journal* 116: F402-F426.
- Knowles, J., N. Persico, and P. Todd. 2001. "Racial Bias in Motor Vehicle Searches: Theory and Evidence." *Journal of Political Economy* 109: 203-229.
- Reskin, B. 2012. "The Race Discrimination System." *Annual Review of Sociology* 38: 17-35.
- Small, M. and D. Pager. 2020. "Sociological Perspectives on Racial Discrimination." *Journal of Economic Perspectives* 34: 49-67.

### November 30: Review