

ECO 7115
FALL 2021
MAT 14
M – W, 1:55 – 3:50 pm

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MICROECONOMIC THEORY

This course develops and applies techniques of optimization to economics. Solving non-linear programming problems using Kuhn-Tucker conditions, the envelope theorem, comparative statics analysis for optimization problems, and duality theory are covered. These are applied to modeling optimizing behavior of consumers and producers. In addition to basic optimization, preferences and revealed preference theory, consumer surplus, and aggregation are also studied.

As of the current situation, the lectures will be in person.

The grade is largely based on the midterm and final exams, which count equally. Partly depending on the situation with the pandemic, these exams may be given in person or as take home exams. The midterm will cover the material through section III and part of section IV depending on how rapidly we cover the material. There are also problem sets throughout the semester, which are mostly a learning experience. However, a student on the margin between two grades will receive the higher grade with a good performance on the problem sets and a lower grade with a poor performance.

Required Text: Mas-Colell, Whinston, and Green. *Microeconomic Theory*, (MWG)
Supplementary Text: Chiang and Wainright, *Fundamental Methods of Mathematical Economics*, 4th Edition (C&W)

TOPICS

- I. Optimization Theory
 - MWG - Math Appendix
 - MC, MD, MJ, MK, ML
 - C & W- Chapters 9, 11, 12, 13

- II. Preferences & Utility
 - MWG - Chapter 1 (A & B)
 - MWG - Chapter 2 (A – D)
 - MWG - Chapter 3 (A – D)

- III. Demands
 - MWG - Chapter 2E
 - C & W- Chapter 12.5

- IV. Duality
 - MWG - Chapter 3 (E – H)
 - C & W- Chapter 13.6

- V. Revealed Preference
 - MWG - Chapter 1 (C, D)
 - Chapter 2 F
 - Chapter 3 J

- VI. Consumer Surplus & Welfare
 - MWG - Chapter 3I

- VII. Aggregate Demand
 - MWG - Chapter 4

- VIII. Production Theory
 - MWG - Chapter 5
 - C & W- Chapter 12.6 and 12.7