

Microeconomics for MBAs (Fall 2016)

This version: *October 10, 2016*

Description

Microeconomics is the formal study of how individuals respond to incentives and how those responses shape social outcomes. The principal themes of the course will be the theory of consumer and producer (firm) behavior, the equilibrium reached between these individuals when markets are perfectly competitive, and what happens when markets are imperfect, or fail entirely. The course emphasizes the development of the mathematical tools needed to reason carefully about incentives and necessitates a taste for long chains of reasoning.

Instructor:

Behrang Kamali, Room 113, email: kamali.behrang@gmail.com;
Office Hours: Saturday and Monday 3-4pm, or by appointment.

Teaching assistants:

Pooya Rashidi, email: rashidi.pouya@gmail.com.
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Recitation Sections: TBA.

Course Material

Optional for the course are:

Jeffrey M. Perloff, *Microeconomics: Theory and Applications with Calculus*, 3rd Edition.

Vohra, Rakesh, and Lakshman Krishnamurthi. *Principles of Pricing: an analytical approach*. Cambridge University Press, 2012.

Lecture notes by Professor Rakesh Vohra.

Slides, homework problems, solutions and other material is *not* for distribution to those outside of the current class.

Grading

The final grade will depend on

- Homework exercises and quizzes. (20 %)
- One midterm exam (1395/09/06). (40 %)
- One final exam. (40 %)

Exams

Exams are *open book* with calculators (even scientific) permitted, but no ‘smart’ devices such as tablet, laptop or phone with intelligence exceeding that of a plant.

Assignments

Homework assignments to be submitted at the beginning of class on the due date.

Course Outline

Week 1: Introduction and Rational Buyer Model

Week 2: Monopoly Pricing & Elasticity

Week 3: Monopoly Pricing & Costs

Week 4: Two-Period Monopoly Pricing & Double Marginalization

Week 5: Price Discrimination: Bundling & Versioning

Week 6: Introduction to Game Theory and Imperfect Competition

Week 7 & 8: Imperfect Competition

Week 9 & 10: Consumer Theory

Week 11 & 12: Perfect Competition, General Equilibrium, Economic Welfare, and Market Failure

Week 13 & 14: CPI, Inflation, GDP, Labor Market, and Unemployment

Week 15: Adverse Selection (Time Permitting)