



THE UNIVERSITY OF CHICAGO BOOTH SCHOOL OF BUSINESS

Business 33101
Advanced Microeconomics

Kevin Murphy
Autumn 2009

COURSE OUTLINE

Overview

This course is an accelerated course in microeconomics. The course is designed to be challenging and students are expected to do a significant amount of work outside of class. The basic material covered in Business 33101 will be covered in the first six weeks. The emphasis will be on building a basic understanding of microeconomic principles and the application of these principles to applied problems. The last four weeks will be spent applying the tools of micro to understand the competitive process, firm behavior, public policy, and the performance of the economy as a whole.

Each week's material will consist of a lecture on the underlying economic principles, readings in the text, *Microeconomics* by Pindyck and Rubinfeld (P&R), readings and discussion covering applications of the principles covered in class, take home exercises designed to reinforce the principles covered in class, as well as 4 data exercises/problem sets. Grades in the course will be based on performance on the problem sets and data exercises (40%), a take home midterm exam (30%), and the final exam (30%).

Topic List

WEEK #	TOPIC	READINGS	CONCEPTS
1 & 2	Basic Consumer Theory	P&R Ch. 1,2,3,4 & Class Notes	Value, willingness to pay, gains from trade, demand, consumer surplus, short & long run demand, normal & inferior goods, substitution, measuring consumption & prices, supply & demand
3	Allocation over Time & Insurance	P&R Ch. 5,15 & Class Notes	Time preference, real & nominal interest rates, present values, savings, risk & risk aversion
4	Capital Markets	P&R Ch.15 & Class Notes	Capital prices, rental prices, investment
5	Production & Supply	P&R Ch. 6,7,8,14 & Class Notes	Marginal & average cost, VMP, $P=MC$ & profit max. productivity growth
6	Market Equilibrium	P&R Ch. 8,9,10,11 & Class Notes	$P=MC$, $P=AC$, Free entry, quasi rents, functional distribution, non-identical firms, monopoly
7	Firm Economics	P&R Ch. 11 & Class Notes	Price discrimination, comparative advantage, contractual arrangements, property rights
8	The Competitive Process – Antitrust Economics	P&R Ch. 12 & Class Notes	Entry, avenues for competition, competition across markets
9	Economics of Public Policy	P&R Ch. 18 & Class Notes	Taxation, tax incidence, public goods, regulation, rationing, market distortions

10	Economics & the Economy	Long term growth, wages & productivity, prices, industry composition, technical change, trade, increasing versus decreasing cost goods, capital's share, rate of return on capital
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Schedule for Problem Sets and Exams

Business 33101 – Section 01 – Wednesdays 8:30 to 11:30 a.m. – C07		
WEEK #	DATE	WORK ITEMS
1	30-SEP	
2	7-OCT	Problem Set #1 Handed Out
3	14-OCT	Problem Set #2 Handed Out
4	21-OCT	Problem Set #1 Due
5	28-OCT	Problem Set #2 Due/Midterm Handed Out
6	4-NOV	Midterm Exam Due/Problem Set #3 Handed Out
7	11-NOV	Problem Set #4 Handed Out
8	18-NOV	Problem Set #3 Due
9	25-NOV	Problem Set #4 Due
10	2-DEC	
11	9-DEC	Final Exam (Exam time: 8 to 11 a.m.)

Business 33101 – Section 81 – Tuesdays 6 to 9 p.m. – GC 208		
WEEK #	DATE	WORK ITEMS
1	29-SEP	
2	6-OCT	Problem Set #1 Handed Out
3	13-OCT	Problem Set #2 Handed Out
4	20-OCT	Problem Set #1 Due
5	27-OCT	Problem Set #2 Due/Midterm Handed Out
6	3-NOV	Midterm Exam Due/Problem Set #3 Handed Out
7	10-NOV	Problem Set #4 Handed Out
8	17-NOV	Problem Set #3 Due
9	24-NOV	Problem Set #4 Due
10	1-DEC	
11	8-DEC	Final Exam (Exam time: 6:30 to 9:30 p.m.)