

# **Applied Price Theory**

## **Economics 34201**

Autumn 2009

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This course has three goals. First, the material presented in the course illustrates how to apply the basic tools of microeconomics: consumer theory, production theory and supply and demand to address a range of research and policy problems. The problems considered include wage and income inequality, competition and antitrust policy, the value of improved health and longevity, public policy on drugs and alcohol, and climate change. Finally, class discussions will focus on the use of economic principles to address current issues through critiques and analyses of economic issues covered in the major national press such as the Wall street Journal and the New York Times.

The requirements for the course are three problem sets and a final exam. The problem sets will involve both quantitative and qualitative problems extending the material covered in class. In addition, students are required to write a brief essay (roughly 700-1000 words) applying economic principles to a current public policy issue.

### **Course Outline**

- Weeks 1-2    Income Inequality (Applying Production Theory)
- Weeks 3-4    Health and Longevity (Applying Consumer Theory)
- Weeks 5-6    Public Policy on Drugs and Alcohol (Applying Welfare Analysis)
- Weeks 7-8    Climate Change (Equilibrium and Welfare Analysis over Time)
- Weeks 9-10    Competition Policy (Applying the Theory of Markets)