

EKT 812: Microeconomics

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Course Description

This is a course in (mostly classical) microeconomic theory. Our goal is for you to become competent users of that theory. We will also see that the scope of applications for these tools is very wide. A secondary goal is to learn to read economic research critically. The way to achieve both of these goals is by practicing: that is, by solving lots of problems and reading lots of papers.

Below are the topics we will cover, stated “abstractly”. However, this course is heavily biased towards applications; we want to use the theory to help us understand and explain real-world applications. I have also tended to pick readings that reflect my interests in development and labor economics, although not exclusively.

Prerequisites

No prior knowledge of economics is strictly required, but you do need to understand how to solve a constrained optimization problem, and you need to know the envelope theorem. Basic algebra and calculus are required. You should also know how to compute the mean and variance of a random variable. If you do not know these things you have to revise them on your own, because our time together is scarce.

Advice

I strongly encourage you to form study groups to help each other work on the problem sets and to discuss the readings. You will learn a lot more from your classmates than from me, if you take the time to seriously attempt the assignments.

Required Texts

None. However, you may find useful complementary material in the following:

- Becker (2007)
- Stigler (1987)

- McCloskey (1985)
- Deaton and Muellbauer (1980)
- Silberg and Suen (2000)

Several of these are hard to come by, but I have asked the library to order all of them. However, McCloskey (1985) is available for (free) download from her website, and Deaton and Muellbauer (1980) is still relatively easy to find (you can get it in print or in Kindle format from Amazon, for example).

The papers I have listed below are not strictly necessary, but I assume you will want to see how the ideas and models we will study have been applied. It always helps to see an idea from several different angles.

Assessment

Class Schedule

Week 01, 02/04 - 02/08: Marshallian and Hicksian Demand

Suggested Readings

- Cunha, De Giorgi, and Jayachandran (2018)
- Dahl et al. (2016)

Week 02, 02/11 - 02/15: Welfare Measurement in Partial and General Equilibrium

Suggested Readings

- Hendren (2017)
- Atkin, Faber, and Gonzalez-Navarro (2018); Atkin and Donaldson (2015)

Week 03, 02/18 - 02/22: Durable Goods

Suggested Readings

- Hoekstra, Puller, and West (2017)
- Glaeser and Gyourko (2005)
- Bulow (1982); Mussa and Rosen (1978); Stokey (1981)

Week 04, 02/25 - 03/01: Derived Demand and Factor Markets

Suggested Readings

- Kennan (1995)
- MaCurdy (2015)
- Jardim et al. (2017)

Week 05, 03/04 - 03/08: Risk-Sharing and Insurance

Suggested Readings

- Townsend (1994)
- Bryan and Morten (2019); Morten (2019)
- Meng, Qian, and Yared (2015)

Week 06, 03/11 - 03/15: Comparative Advantage

Suggested Readings

- Willis and Rosen (1979)
- Eaton and Kortum (2002); Eaton and Kortum (2012)

Week 07, 03/18 - 03/22: Supply-Side Aggregation; Human Capital

Suggested Readings

- Rosen (1983); Rosen (1978)
- Neal and Rosen (2000)
- Heckman and Scheinkman (1987)

Week 08, 03/25 - 03/29: Autumn Break

No class; I will post a take-home midterm before the break.

Week 09, 04/01 - 04/05: Human Capital (continued)

Suggested Readings

- Neal and Rosen (2000)
- Heckman and Krueger (2004)
- Lochner and Monge-Naranjo (2012)
- Behrman (2010); Kremer and Glennerster (2011)
- Bryan, Chowdhury, and Mobarak (2014)

Week 10, 04/08 - 04/12: Efficiency in the Public Sector

Suggested Readings

- Shleifer (1998); Hart, Shleifer, and Vishny (1997)
- Muralidharan et al. (2017); Chaudhury et al. (2006)
- Galiani, Gertler, and Schargrodsky (2005)

Week 11, 04/15 - 04/19: Constraints on Supply

Suggested Readings

- Banerjee, Karlan, and Zinman (2015); Banerjee, Karlan, and Zinman (2015)
- Kaboski and Townsend (2011); Meager (2019)
- Glaeser and Gyourko (2018)
- Rosen (1981); Rosen (2002)

Week 12, 04/22 - 04/26: Competitive Markets and Hedonic Pricing

Suggested Readings

- Rosen (1974)
- Rosen (1986)
- Chay and Greenstone (2005)

Week 13, 04/29 - 05/03: Regulation and Taxation

Suggested Readings

- Ito and Sallee (2018)
- Cunningham and Shah (2018)
- Mulligan and Tsui (2016)
- Davis (2008)

Week 14, 05/06 - 05/10: Public Goods and Externalities

Suggested Readings

- Becker, Murphy, and Grossman (2006)
- Greenstone and Hanna (2014)
- Hall (2018)
- Kreindler (2018)

Week 15, 05/13 - 05/17: Non-Price Allocation

Suggested Readings

- Deacon and Sonstelie (1989)
- Weitzman (1977)
- Diamond, McQuade, and Qian (2018)

Week 16, 05/20 - 05/24: Property Rights

Suggested Readings

- Besley and Ghatak (2010)
- Hornbeck (2010)

- Field (2007)
- Galiani and Schargrodsky (2010)

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