

ECON 701 — Microeconomic Theory (part 1)

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1 Description

This part of the course covers consumer theory and the theory of the firm.

2 Grading

Your grade for my part of 701 will be based on weekly problem sets and my exam. The exam will be in class on Thursday October 22. It will count for 80% of your grade in my part of the class, the problems the remainder. You will receive one grade for 701 at the end of the semester based on combining Professor Epstein's evaluation for the second half of the course with my evaluation.

3 Homework

The regular schedule for problem sets will be as follows. Problem sets will be posted on my web page each week by Tuesday or Wednesday. Your answers are to be turned in to Andrew Ellis (the TA) by 5 pm the following Tuesday. (Please put them in his mailbox on the third floor.) He will grade them and return them to you in the discussion section the following Friday. The first problem set will be available September 8 or 9.

At least at first, the problem sets will be graded by taking one problem at random and grading it thoroughly, with the rest of the problem set graded based on effort. Our goal

in taking this approach is to give you incentives to work hard on the problem sets, give you feedback on how you are doing, but not to punish you for mistakes. We may change the grading scheme for problem sets later but will announce such changes in advance.

4 Texts

1. Mas–Colell, Whinston, and Green, *Microeconomic Theory*, Oxford.
2. Rubinstein, *Lecture Notes in Microeconomic Theory*, Princeton Paperbacks. Available at <http://arielrubinstein.tau.ac.il/Rubinstein2007.pdf>.

5 Office Hours

My regular office hours will be Mondays 2–4 beginning September 14. Because of Labor Day, my office hours the first full week of class will be on Wednesday September 9 from 2 to 4. Office hours are subject to change, with all changes announced in advance in class. Also, of course, I will be available at other times by appointment.

6 Course Outline and Readings

All dates are approximate. The order and selection of topics is subject to change.

Weeks 1 and 2.

Introduction. Rubinstein, Introduction.

Preferences, utility, and choice. MWG, Chapters 1–2; Rubinstein, Chapters 1–3.

Weeks 3 and 4.

Consumer demand. MWG, Chapter 3; Rubinstein, Chapters 4–6.

Weeks 4 and 5.

Expected utility and risk aversion. MWG, Chapter 6; Rubinstein, Chapters 8–9.

Week 6.

Aggregation. MWG, Chapter 4.

Week 7.

Production. MWG, Chapter 5; Rubinstein, Chapter 7.