

**AAE635**  
**Applied Microeconomic Theory**  
**Syllabus**

Fall 2009  
Tuesday/Thursday, 11:00am – 12:15pm  
B30, Taylor Hall

**Instructor:**

Guanming Shi, 329 Taylor Hall, Email: [gshi@wisc.edu](mailto:gshi@wisc.edu)

**Prerequisites:**

Intermediate Micro (Econ. 301), and two semesters of calculus.

**Overview:**

Microeconomics studies the economic decision rules followed by consumers and firms in solving their constrained optimization problems. It also evaluates the welfare consequence of such decisions in the context of a society or a sector. Thus, we will cover the following topics:

1. Optimization for firms and consumers;
2. Duality in analyzing economic behavior;
3. Welfare consequences of economic decisions; and
4. General equilibrium analysis applying to a sector or an economy.

Course objectives:

- To acquaint students with formal models of production consumption allocations and the efficiency consequences;
- To develop students' skills for conducting such analyses.

**Textbook(s):**

1. Lecture notes posted on the class website: <http://www.aae.wisc.edu/aae635/main.asp>
2. Hal R. Varian, "Microeconomic Analysis," Third Edition, Norton&Company Ltd., NY.
3. (Optional) Eugene Silberberg and Wing Suen, "The Structure of Economics: A Mathematical Analysis," Third Edition, McGraw-Hill, 2001. A review of basic mathematical tools is provided in chapters 2, 3, 5 and 14.

**Homework:**

There will be a total of six problem sets throughout the semester. Students may form study team to work together on the homework, but each student must submit his/her own homework answers.

**Grading:**

Midterm Exam	30%
Final Exam	40%
Homework	30%

Grading Scale: 100-90 A, 89-85 AB, 84-76 B, 75-72 BC, 71-63 C, 62-56 D, 55-0 F

**Office Hours:** Tuesday and Thursday 12:15-1pm, or by appointment