

AAE635
Applied Microeconomic Theory
Syllabus

Fall 2011
Tuesday/Thursday, 11:00am – 12:15pm
B30, Taylor Hall

Instructor:

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Teaching Assistants:

Lindsay Amiel, 315 Taylor Hall, Email: lnamiel@wisc.edu
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(Section time and place to be announced in class)

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 and consumption allocations and the efficiency consequences;
- To develop students' skills for conducting such analyses.

Primary References:

The primary “textbook” is the detailed lecture notes specifically designed for this class. They are posted on the class website (in a timely manner): <http://www.aae.wisc.edu/aae635/main.asp>

Optional References:

Some students found the following books useful in helping them walk through this course. It is your choice whether to refer to these books or not:

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)

Hal R. Varian, “Microeconomic Analysis,” Third Edition, Norton&Company Ltd., NY. (A nice feature of this book is the compactness of how the basic concepts are presented, although some may view this as its “weakness”)

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 your own answers. Grading will be based on both accuracy and completeness.

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