

# **ECON 500: MICROECONOMIC THEORY**

**Professor Neha Khanna**

**Fall 2009**

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**Office hours:** Tuesday: 10:30 a.m. – 12:00 noon  
**Course website:** <http://blackboard.binghamton.edu>  
*Look for announcements, HW assignments, past exams, answer keys, etc, on Blackboard.*

**Teaching Assistant:** to be determined  
**Office:** to be determined  
**Email:** to be determined  
**Office hours:** to be determined

## **Prerequisites**

Graduate standing in the Economics Department, Binghamton University

## **Assignments and Grading Policy**

- Approximately 10 homework assignments (~ weekly, except exam weeks): 10%
- Two analytical essays: 10% (5% each)
- Midterm exam: 35%
- Final exam: 45%
  
- No late assignments are accepted.
- The HW assignments will be graded by the TA.
- The essays will be graded by Professor Khanna
- There are no makeup exams except in case of an extreme situation.

## **Textbooks**

*(One copy of each book should be available at the Reserve Desk of the Main Library.)*

- Walter Nicholson and Christopher Snyder, 2008. *Microeconomic Theory: Basic Principles and Extensions*, 10<sup>th</sup> edition. South Western Learning. Required.
- Alpha C. Chiang, 1984/2005. *Fundamental Methods of Mathematical Economics*. McGraw-Hill. 3<sup>rd</sup> or 4<sup>th</sup> edition. Recommended. (Same book as in ECON 503.)
- Robert Frank, 2007. *The Economic Naturalist*. Basic Books. Recommended.
- Hal Varian, 2006. *Intermediate Microeconomics: A Modern Approach*, 7<sup>th</sup> edition, Norton. Recommended.

- Bergstrom Theodore and Hal Varian, 2006. *Workouts in Intermediate Microeconomics*, 7<sup>th</sup> edition, Norton. Recommended.

### **Course Syllabus**

Please note that the following syllabus is not a lecture-by-lecture outline of the course. Instead, it provides a broad overview of the issues and topics to be covered during the course of the semester.

1. Thinking Like an Economist  
(Nicholson chapter 1, lecture notes)
  - i) Opportunity cost
  - ii) Sunk cost
  - iii) Marginal analysis
2. Math Review  
(Nicholson chapter 1, Chiang various chapters)
  - i) Derivatives and some applications
  - ii) Unconstrained maximization
  - iii) Constrained maximization
3. Consumer Theory
  - i) Preferences and utility  
(Nicholson chapter 3)
  - ii) The budget constraint  
(Nicholson chapter 4)
  - iii) Utility maximization and expenditure minimization  
(Nicholson chapter 4)
  - iv) Applications and Extensions  
(Nicholson chapter 5, chapter 6)
4. Theory of the Firm
  - i) Production technology  
(Nicholson, chapter 9)
  - ii) Cost functions  
(Nicholson chapter 10)
  - iii) Profit maximization  
(Nicholson chapter 11)

5. Partial Equilibrium

- i) Short run equilibrium  
(Nicholson chapter 12)
  
- ii) Long run equilibrium  
(Nicholson chapter 12)
  
- iii) Applications  
(Nicholson chapter 12)

6. General Equilibrium

(Nicholson chapter 13)

- i) Graphical analysis
- ii) Existence
- iii) The Invisible Hand
- iv) First Theorem of Welfare Economics

7. Imperfect Competition

- i) Monopoly  
(Nicholson chapter 14)
  
- ii) Oligopoly  
(Nicholson chapter 15)

8. Externalities and Public Goods (*time permitting only*)

- i) Externalities: issues and solutions  
(Nicholson chapter 19, lecture notes)
  
- ii) Public goods  
(Nicholson chapter 19)