

**Accelerated Microeconomics**  
**Paul H. Nitze School of Advanced International Studies**  
**Pre-Term 2008**

Instructor: Lindsay Oldenski  
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Office Hours: After class, 11:30am -12pm

### **Course Description**

This course could also be called “decisions”. Microeconomics is fundamentally the study of how individuals and groups make the best decisions they can, given the constraints that they face. Microeconomics (together with Macroeconomics) constitutes the foundation for all other economics courses at SAIS. It provides the basic tools that you will use to understand economic problems, incentives, and outcomes. The course is taught at the intermediate level, and uses differential calculus.

The topics covered in this class are similar to those covered in the regular first year microeconomics course. This class is designed for those students with better mathematics backgrounds who are interested in a more rigorous and deeper treatment of the subject matter. It is also recommended for students who are planning on taking advanced economics classes at SAIS. It is assumed that the students are equipped with basic algebra and differential calculus. The level of this course is similar to intermediate microeconomics courses offered for economics majors at highly ranked undergraduate institutions (The regular microeconomics class is somewhere in between introductory and intermediate microeconomics).

### **Prerequisites**

A one semester Principles of Microeconomics course, and a one semester Calculus course—High School, College or Business School—are required.

### **Course Requirements**

**Case Study Assignment:** On the first day of the pre-term, you will receive a case study assignment to be completed in groups prior to the end of week 1. This assignment will require you to read a series of recent news articles on gasoline prices and then answer questions about the economic implications of the news events using microeconomic theory. The purpose of this assignment is to get you thinking about the economic analysis of current events on your own before lectures begin and to provide a practical application of economic theory, which will be revisited throughout the course. This assignment is worth 15% of your grade.

**Exams:** There will be an in-class midterm, worth 30% of your grade in the course, and a final exam, worth 45% of your grade.

**Problem Sets:** 10% of your grade will be from handing in problem sets. Each problem set must be handed in at the BEGINNING of class on the day it is due. Group work is permitted (and encouraged), however, each student must write up and turn in his or her own answers.

**Optional Practice Problems:** I will also make a number of problem sets from previous classes (with solutions) available online. These will not be graded, but I strongly encourage you to do them, as solving problems is one of the best ways to learn the material and study for the exams.

## Readings

The required book for this class is:

Varian, Hal R., *Intermediate Microeconomics, A Modern Approach*, 6<sup>th</sup> ed., W. W. Norton & Company, Inc., 2002. (any edition other than the 6<sup>th</sup> is also fine)

Other required readings and the math text, *SAIS Math Companion*, will be posted on ERes.

## Course Schedule

Mon, July 28 Meet briefly to go over syllabus and distribute case study assignment

Tues, July 29 – Thurs, July 31

Work on assignment in study groups

Fri, Aug 1 Lecture 1:  
Preferences (Varian, Chapter 3)  
Utility (Varian, Chapter 4)  
Partial Derivatives  
**Case Study Assignment Due**

Mon, Aug 4 Lecture 2:  
Budget Constraint (Varian, Chapter 2)  
Choice (Varian, Chapter 5)  
Demand (Varian, Chapter 6)

Tues, Aug 5 Lecture 3:  
Slutsky Equation (Varian, Chapter 8)  
Consumer Surplus (Chapter 14)

Weds, Aug 6 Lecture 4:  
Market Demand and Elasticity (Chapter 15)  
Equilibrium (Chapter 16)  
Technology (Varian, Chapter 18)

Fri, Aug 8    Lecture 5:  
Profit Maximization (Varian, Chapter 19)  
Cost Minimization (Varian, Chapter 20)  
Cost Curves (Varian, Chapter 21)  
**Problem Set #1 Due**

**Mon, Aug 11 MIDTERM EXAM (on lectures 1-5)**

Tues, Aug 12    Lecture 6:  
Firm Supply (Varian, Chapter 22)  
Industry Supply (Varian, Chapter 23)

Weds, Aug 13    Lecture 7:  
Monopoly (Varian, Chapter 24)  
Monopoly Behavior (Varian, Chapter 25)

Fri, Aug 15    Lecture 8:  
Oligopoly (Varian, Chapter 27)  
Game Theory (Varian, Chapter 28)  
**Problem Set # 2 Due**

Mon, Aug 18    Lecture 9:  
Exchange (Varian, Chapter 29)  
Production (Varian, Chapter 30)

Tues, Aug 19    Lecture 10:  
Externalities  
Public Goods (Varian, Chapter 35)

Weds, Aug 20    Lecture 11:  
Asymmetric Information (Varian, Chapter 36)

Fri, Aug 22    Lecture 12:  
Review/ Catch Up/ Additional Topics  
**Problem Set #3 Due**

**Mon, Aug 25 FINAL EXAM (on lectures 1-12)**