

## TENTATIVE

Princeton University  
Woodrow Wilson School

Fall, 2005

WWS 511b  
Microeconomic Analysis (Basic)  
Lectures: Monday and Wednesday, 10:40-12:10

### Instructor

Cecilia Rouse  
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Office Hours: Wednesdays 2-4 and by appointment

### Preceptor

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Office Hours: TBD

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The purpose of this course is to develop an understanding of basic microeconomic tools. Emphasis will be placed on how these tools can be used for policy analysis. Students need not have taken any other economics courses. They should have a good command over algebra and be familiar with basic calculus concepts, although proficiency in calculus is not necessary.

1. Course Requirements/grading: Midterm (30%), final (50%), and nine problem sets (20%)

2. Textbooks

I recommend that students buy the following textbook:

Walter Nicholson, *Intermediate Microeconomics and its Application*, 9th edition, Dryden Press.

A useful additional reference is Hal Varian, *Microeconomics: A Modern Approach*, 6<sup>th</sup> edition, W.W. Norton and Co. Varian is slightly more technical and a little less “wordy” than Nicholson. You could use Varian as your primary text if you prefer its style. But, keep in mind that the notation I use in my handouts and lectures will more closely follow Nicholson. Copies of both books are available in Stokes Library.

3. Handouts

A set of handouts for the course will be posted on Blackboard, under “Handouts.” You will find it helpful to print these out and bring them to class.

4. Precepts and Problem sets

Precepts and problem sets work as follows. A weekly problem set will be posted on Blackboard (under “Problem Sets”) by the end of the day each Monday. Your answers will be due at the precept the following week (day and time to be determined). Late problem sets will not be accepted. If you cannot attend precept, either turn your problem set in early or give it to someone else to turn in at precept. Please give your problem sets to Wioletta, not to me. Students can work together on problem sets, although solutions should be written

and handed in separately. It's a good idea to work on the problem sets on your own before meeting with a group—you'll get more out of them.

I will distribute 10 problem sets over the course of the semester as well as one for extra credit. You are required to do 9 of them. If you decide to hand in all 10, the problem set with the lowest score will be dropped when calculating your grade. Attached to most problem sets will be a set of questions for review/discussion. The answers to these are not to be turned in, but you might want to use them to help you study.

5. Office hours

Wioletta and I will each have weekly office hours. Please use these office hours, especially if there are issues that are still unclear after review sessions. If you cannot make it to my office hours and want to set up an appointment, an easy way to reach me is via e-mail.

6. Tutoring

Tutoring is available, typically in small groups, through the Graduate Program office. If you think you would benefit from tutoring, come and discuss it with Wioletta or me. It can take a little while to get tutoring set up, so don't wait until the last minute to request help.

7. Important Dates

**Wednesday, October 26:** Midterm exam, to be held during regular class hours

**In January:** Final exam. We will receive notification about the room later in the semester.

8. Readings

The readings from Nicholson are required. The readings from Varian are optional—look at them only if you like Varian's style and find this book helpful. Additional optional readings may be assigned during the semester. Note that there are 24 classes during the semester, one of which will be used for the midterm. The amount of time I have given for each topic is approximate.

**Introduction and Overview** (Class 1)

Skim Nicholson: Chapter 1

(including appendix—this material should be familiar from math camp)

Varian: Chapter 1 and Mathematical Appendix.

**The Theory of Consumer Behavior, including Intertemporal Choice** (Classes 1-8)

Nicholson: Chapters 2-4 (with a focus on chapter 2 and 3), Appendix to Chapter 13 (on labor supply)

Varian: Chapters 2-9, 14-15

Handouts 1-5

**The Theory of the Firm** (Classes 9-11, 13)

Nicholson: Chapters 5-7, Chapter 13 (pp. 419-429), Chapter 14 (including Appendix)

Varian: Chapters 18-23, Chapter 10-11

Handouts 6-7

**Midterm** (Held during Class 12)

**The Perfectly Competitive Model** (Class 14-15)

Nicholson: Chapter 8-9.

Varian: Chapter 16

Handouts 8-9

**General Equilibrium** (Class 16)

Nicholson: Appendix to Chapter 9

Varian: Chapter 30-31

Handout 10

**Monopoly, Imperfect Competition and Game Theory** (Classes 17-19)

Nicholson: Chapters 10-12

Varian: Chapters 24-29

Handouts 11-13

**Externalities and Public Goods** (Classes 20-21)

Nicholson: Chapter 16

Varian: Chapters 33-35

Handouts 14-15

**Uncertainty and Imperfect Information** (Class 22-24)

Nicholson: Chapter 15

Varian: Chapters 12-13, 36

Handouts 16-17