



Indian Institute of Management Kashipur

PhD in Management

Advanced Microeconomics I

Term IV, 2020-21

Credit: 1

Instructor

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Office Hours: By appointment only. Send me an email at least a day in advance.

Prerequisites

None

Course Description

This is the Microeconomics core for the PhD program in Economics and Business Environment. This course will build students' understanding of the fundamental economics concepts, and develop their ability to pursue applied microeconomic research. Being able to understand and pursue research in modern Microeconomics requires significant mathematical foundation, and this course aims to develop economic intuition with the help of mathematics as a language.

Course Objectives

After completion of this course, students are expected to:

- Understand the concepts in modern Microeconomics
- Develop analytical problem solving skills using economic logic
- Develop mathematical foundation to pursue economics research

Suggested Textbook

Varian, H. 2014. *Intermediate Microeconomics with Calculus* (1st Edition). W.W. Norton.

Pedagogy and Course Requirements

The course will be primarily taught through a combination of class discussions, take-home assignments, and the final examination. The course will follow sequential discussion of the research papers as detailed in the syllabus. Students are required to stay up to date with the class proceedings. Students are also expected to go through the suggested readings to brush up the basic concepts of microeconomic theory.

Class Discussions

The class discussion will involve the readings assigned for the class. Students are encouraged to actively participate in these discussions. Faculty will facilitate the learning process by asking questions that would help to cumulatively build the knowledge acquired in each session. Students would also be encouraged to ask questions that add value to cumulative knowledge building.

Assignments PLO3a, PLO3b

Assignments will focus on learning concepts discussed in the course in a hands-on manner. The students will be given periodic assignments so that they can practice implementing those concepts for their individual research projects. Details of these assignments will be discussed in the class. Students are encouraged to work in groups. However, each student needs to provide his/her own answers.

Late submissions will **NOT** be accepted for the assignments.

Term Paper PLO2a, PLO2b

As a part of this course, students will carry out literature survey on a topic of Microeconomics by carefully reading journal articles. Students need to take permission from the instructor before finalizing the topic. The articles should majorly come from reputed journals (a list is given below). The students should read and cite at least 20 articles, and at least 15 of them should be from the journals listed here.

List of journals:

Economics journals (Field of Research Code: 1401-1499) ranked A* or A in ABDC 2018 journal ranking.

Term paper will be due in: TBA

Late submissions will **NOT** be accepted for term paper.

Exam

The course will have one midterm exam and the final exam. The goal is to provide the candidates with enough time to master the concepts discussed, and demonstrate the ability to apply them. It will be a closed book and closed note exam.

Grading

The course will be graded as per the following scheme:

Assignments	25%
Midterm Exam	25%
Term Paper	25%
Final Exam	25%

Tentative Class Schedule

(Additional readings, cases and articles, may be assigned as they become available)

Session	Topic	Readings	Assignment
1	Introduction and Review of Mathematical Concepts	Varian: Ch. 1, Mathematical Appendix Suggested Reading: Allen, R.G. 1949. <i>The Mathematical Foundations of Economic Theory</i> . The Quarterly Journal of Economics, 63(1): 111-127. Varian, H.R. 2016. <i>How to Build an Economic Model in Your Spare Time</i> . The American Economist, 61(1): 81-90.	
2			
3	Consumer Theory	Varian: Ch. 2,3,4,5,6,7,8 Suggested Reading: Gale, D., & L. S. Shapley. 1962. <i>College Admissions and the Stability of Marriage</i> . American Mathematical Monthly, 69(1):9-15. Afriat, S. N. 1967. <i>The Construction of Utility Functions from Expenditure Data</i> . International Economic Review, 8(1): 67-77. Jensen, R. T., & Nolan H. M. 2008. <i>Giffen Behavior and Subsistence Consumption</i> . American Economic Review 98(4):1553-1577. Sen, A. K. 1977. <i>Rational Fools: A Critique of the Behavioral Foundations of Economic Theory</i> . Philosophy & Public Affairs, 6 (4): 317-344.	Assignment 1 due
4			
5			
6	Market Demand and Equilibrium	Varian: Ch. 14,15,16 Suggested Reading: Samuelson, P.A. 1941. The Stability of Equilibrium: Comparative Statics and Dynamics. <i>Econometrica</i> , 9(2):97-120.	
7	Producer Theory	Varian: Ch. 16,19,20,21,22	Assignment 2 due
8			

9		<p>Suggested Reading: Bloom, N., Mahajan, A., McKenzie, D., & Roberts, J. 2010. <i>Why do Firms in Developing Countries Have Low Productivity?</i> American Economic Review: Papers & Proceedings, 100(2):619–623.</p> <p>Tybout, J. R. 2000. <i>Manufacturing Firms in Developing Countries: How Well Do They Do, and Why?</i> Journal of Economic Literature, 38(1):11–44.</p> <p>Syverson, C. 2011. <i>What Determines Productivity?</i> Journal of Economic Literature 49(2): 326–65.</p>	
10	Uncertainty	<p>Varian: Ch. 12</p> <p>Suggested Reading: Holt, C. A., & Laury, S.K. 2002. <i>Risk Aversion and Incentive Effects.</i> American Economic Review, 92(5):1644–1655.</p>	Assignment 3 due
Midterm Exam			
11	Competitive Markets	<p>Varian: Ch. 23</p> <p>Suggested Reading: Makowski, L., & Ostroy, J.M. 2001. <i>Perfect Competition and the Creativity of the Market.</i> Journal of Economic Literature, 39(2): 479-535.</p>	
12	Monopoly	<p>Varian: Ch. 24, 25</p> <p>Suggested Reading: Kovacic, W. E., & Shapiro, C. 2000. <i>Antitrust Policy: A Century of Economic and Legal Thinking.</i> Journal of Economic Perspectives, 14(1):43–60.</p>	
13	Oligopoly and Game Theory	Varian: Ch. 27,28,29	Assignment 4 due
14		<p>Suggested Reading: Bresnahan, T. F., & Reiss, P.C. 1991. <i>Entry and Competition in Concentrated Markets.</i> Journal of Political Economy, 99(5): 977–1009.</p>	
15			

16	General Equilibrium, Welfare Economics, and Externalities	Varian: Ch. 32, 33, 34, 35	
17		Suggested Reading: Baumol, W. J. 1972. <i>On Taxation and the Control of Externalities</i> . American Economic Review, 62(3):307–322.	
18	Public Goods	Varian: Ch. 36 Suggested Reading: Coase, R. 1960. <i>The Problem of Social Cost</i> . Journal of Law and Economics 3:1–44.	
19	Asymmetric Information	Varian: Ch. 37 Suggested Reading: Akerlof, G.A. 1970. <i>The Market for "Lemons": Quality Uncertainty and the Market Mechanism</i> . The Quarterly Journal of Economics, 84 (3): 488-500.	Assignment 5 due
20	Review Class	Varian, H.R. 1993. <i>What Use is Economic Theory?</i> Working Paper. Biddle, J.E., & Hamermesh, D.S. 2016. <i>Theory and Measurement: Emergence, Consolidation, and Erosion of a Consensus</i> . NBER Working Paper, 22253. Arrow, K.J., Bernheim, B.D., Feldstein, M.D., McFadden D.L., Poterba, J.M., & Solow, R.M. 2011. <i>100 Years of the American Economic Review: The Top 20 Articles</i> . American Economic Review, 101(1): 1-8.	
Final Exam			

Course Policies

1. **Responsibility for Course Materials:** You are responsible for all material covered in class. If you are absent, you are responsible for obtaining the information you missed.
2. **Classroom Behavior:** We expect you to participate in class activities in a mature and appropriate manner. Disruptive or otherwise unacceptable behavior will not be tolerated.
3. **Mobile and Laptop Use:** Mobiles and laptops are not permitted in the classroom. I will let you know beforehand if laptop is required for a class. In the class, you must keep your laptop down unless asked by the instructor.

4. **Academic Conduct:** All members of the academic community at IIM Kashipur are expected to practice and uphold standards of academic integrity and honesty. Academic integrity means representing oneself and one's work honestly. Misrepresentation is cheating since it means students are claiming credit for ideas or work not actually theirs and are thereby seeking a grade that is not actually earned. Following are some examples of academic dishonesty:
- i. **Cheating on quizzes and examinations.** This includes using materials such as books and/or notes when not authorized by the instructor, copying from someone else's paper, helping someone else copy work, substituting another's work as one's own, theft of exam copies, or other forms of misconduct on exams.
 - ii. **Plagiarizing the work of others.** Plagiarism is using someone else's work or ideas without giving that person credit; by doing this, students are, in effect, claiming credit for someone else's thinking. Whether students have read or heard the information used, they must document the source of information. When dealing with written sources, a clear distinction should be made between quotations (which reproduce information from the source word-for-word within quotation marks) and paraphrases (which digest the source of information and produce it in the student's own words). Both direct quotations and paraphrases must be documented. Even if students rephrase, condense or select from another person's work, the ideas are still the other person's, and failure to give credit constitutes misrepresentation of the student's actual work and plagiarism of another's ideas. Buying a paper or using information from the World Wide Web or Internet without attribution and handing it in as one's own work is plagiarism.
 - iii. **Falsifying records or providing misinformation regarding one's credentials.**
 - iv. **Unauthorized collaboration on computer assignments and unauthorized access to and use of computer programs,** including modifying computer files created by others and representing that work as one's own.
 - v. Unless they specifically indicate otherwise, instructors expect individual, unaided work on homework assignments, exams, lab reports and computer exercises, and documentation of sources when used. If instructors assign a special project other than or in addition to exams, such as a research paper, or original essay or a book review, they intend that work to be completed for that course only. Students must not submit work completed for a course taken in the past or for a concurrent course unless they have explicit permission to do so from both faculty members.

Any academic misconduct will automatically result in a failing grade for the class and the student will be reported to the committee on academic misconduct for further disciplinary action.

4. **Attendance:** As far as I am concerned, you are an adult and it is your decision whether or not you attend class. However, your decision not to attend a class may have negative consequences for your class grade. (Please consult PGP Participants' Handbook for this purpose).
If you decide to attend a class, you must come to the class and take your seat sufficiently before the beginning of the class time. Under no circumstances you would be allowed in once the class has started. You are expected to sit through the class unless you have a prior permission from the instructor to leave the classroom before the end of the class.

5. **Late submission:** Any late submission beyond the deadline (even by few seconds) will result in 0 point. Except in case of emergencies, with a doctor's note, any questions about late submission will not be entertained.
6. **Missed exam:** There is no make-up for the missed exams unless the student has discussed and made an arrangement with the instructor for a valid reason beforehand. In all other instances, the student must produce a valid doctor's note for the day the student missed the exam. Such doctor's note must be produced in the same week the student missed the exam.
7. **Grade Discussion:** It is the student's responsibility to monitor his or her own grades and raise any questions s/he may have **within one week** of the grades assigned.
8. **Extra Credit:** No Extra credit shall be given to make-up for missed quizzes, assignments, exams, project, or poor performance in the course.

Learning Accommodations

To provide equal access to the educational programs and opportunities, IIM Kashipur is dedicated to providing appropriate accommodations to students with documented disabilities such as attention deficit-hyperactivity disorders, physical disabilities, sensory impairments, and psychiatric disorders in order to help them achieve their academic and personal potential. These academic accommodations are provided to students at no cost.

Inclusivity Statement

IIM Kashipur believes that diversity and inclusiveness are essential to excellence in education and innovation. Our community represents a rich variety of backgrounds, experiences, demographics, and perspectives. IIM Kashipur is committed to fostering a learning environment where every individual is respected and engaged. To facilitate a dynamic and inclusive educational experience, we ask all members of our community to:

- be open to the perspectives of others
- appreciate the uniqueness of their colleagues
- take advantage of the opportunities to learn from each other
- exchange experiences, values, and beliefs
- communicate in a respectful manner
- be aware of the individuals who are marginalized and involve them
- keep confidential discussions private