1. **Course description.** This course provides an overview of major theoretical contributions using microeconomic theory along with an introduction to dynamic optimization. The course is intended to give participants a sense of different fields in microeconomics – labor, health, industrial organization, international trade, economic development, urban economics, and more. In the process, students will gain an appreciation of modeling approaches.

2. **Prerequisites.** Econ 601 or equivalent. Working knowledge of multivariate calculus is necessary; some matrix algebra and a cursory overview of the first chapters of a differential equations text will be needed as well. Students are assumed to be familiar with Varian's *Microeconomic Analysis* (Ed. 3) or a comparable text like Jehle & Reny: you should own a copy for reference purposes.

3. **Texts and readings.** There are no texts. Readings (usually) will be posted on Sakai. Instead, the course consists of a vast number of required readings, which each student is expected to cover thoroughly with an eye to content, theory, model, and econometric technique. There are many papers by Nobel Laureates on the reading list.

   During the course of the term the list will evolve. It is not possible to cover more than one reading per class period, and so some of the papers will be cut, depending on student interest and what we deem essential and feasible.

4. **Honor code and course policies.** Failure to acknowledge assistance on an assignment, or to cite a source of information used in an assignment, or to represent the work of others as your own, constitutes a violation of the University's honor code. Any violations may result in failure of the assignment or the course, or expulsion from the University. Any exam missed for a non-legitimate reason will be accorded the grade of 0. Any exam missed for a legitimate reason will be made up with an oral exam as soon as it can be scheduled by EcoTeach. Late work will be penalized by 1/3 grade point per day late (excluding Sundays). Presentation notes must be posted on Sakai at least 24 hours prior to the class at which the presentation will take place.

5. **Grading, assignments, presentations, and attendance.** The grades will be determined as weighted
averages of exams and presentations:

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class participation</td>
<td>8%</td>
</tr>
<tr>
<td>In-class presentations and supporting notes (3 to 4 per team)</td>
<td>32%</td>
</tr>
<tr>
<td>Midterm examination</td>
<td>24%</td>
</tr>
<tr>
<td>Final examination or original theory paper</td>
<td>36%</td>
</tr>
</tbody>
</table>

Students also may choose whether to write an original theory paper or to take the final exam. A decision on this choice must be reported to the faculty and TAs by Monday April 1. **In order to receive capstone credit for this course you must write a theory paper.**

6. **Presentations and class conduct.**

To enhance the efficiency of class presentations, each team (3 people) of presenters is expected to prepare a handout for distribution to the entire class. The handout should contain pertinent aspects of the formal presentation to avoid having to write out lots of equations in class. Even if you are not a presenter, you are expected to have read the article in detail before class. The presenters will (a) provide detailed mathematical derivations and (b) make critical analytical comments as well as simply presenting the paper; other students should be prepared to discuss the article. At times, the professors will provide brief background lectures on related literature. The intention is to provoke discussion, and for the presenter to discuss new techniques, modeling approaches, data sets, and findings, as well as to discuss shortcomings.

The exact design of the course will depend on final enrolment. I anticipate a class of 8-10 groups. This means that there will be approximately: 4 lectures by faculty and TAs, 1 exam class, at least 2 review sessions, 1 homework session, 1 post midterm session, and 30 presentations for a total of 39 meetings. We have 26 regular class sessions and (since there will be none during the first week) 24 presentation/TA sessions. Students are expected to attend the lectures, the exam, and 25 presentations. We will keep track of attendance and, while exams will have some options, we expect you to attend at least 75% of peer presentations.

Note also that a large share of the papers on the reading list already have presentations posted online. Each team is expected to present:

- One “difficult” (we’ll define these) paper that has not previously been presented;
- One “easy” paper that has not already been presented, or a re-presentation of a more difficult paper for which notes already exist;
- One or two elective papers

In addition to student presentations, your instructors will provide mini-presentations of papers we regard as key that are not covered by students, and also will provide background on related papers when appropriate.

**Readings** (yellow highlight denotes a paper we would very much like to cover – notes are already available on the class website in almost all cases – though since there are 22 that are highlighted, the instructors will present some briefly).
<table>
<thead>
<tr>
<th>Date</th>
<th>Paper</th>
<th>group</th>
<th>reading number</th>
<th>TA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 9 Wed</td>
<td>Courant, racial prejudice in a search model</td>
<td>Becker</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Jan 14 Mon</td>
<td>Kahneman &amp; Tversky, prospect theory, <em>Econometrica</em> 1979</td>
<td>Becker</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Jan 15 Tue</td>
<td>Becker, theory of marriage, <em>JPE</em> 1973</td>
<td>Li</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Jan 16 Wed</td>
<td>Akerlof &amp; Dickers, cognitive dissonance, AER, 1982</td>
<td>Li</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Jan 22 Tue</td>
<td>Abdulkadiroglu &amp; Sommez, school choice, AER, 2003</td>
<td>Li</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Jan 23 Wed</td>
<td>Roth, Sommez, and Unver, kidney exchange, <em>QJE</em> 2004</td>
<td>Becker</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Jan 24 Thu</td>
<td>LaTeX intro</td>
<td>Liu</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Jan 29 Mon</td>
<td>Glaser, hatred, <em>QJE</em>, 2005</td>
<td>Li &amp; Liu or Becker</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Jan 30 Wed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb 4 Mon</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb 6 Wed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb 7 Thu</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb 11 Mon</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb 13 Wed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb 14 Thu</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb 18 Mon</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb 20 Wed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb 21 Thu</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb 25 Mon</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb 27 Wed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March 4 Mon</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March 6 Wed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March 7 Thu</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March 11, 13, 15</td>
<td>Spring break</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March 18 Mon</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March 20 Wed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March 25 Mon</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March 27 Wed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March 28 Thu</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>April 1 Mon</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>April 3 Wed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>April 4 Thu</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>April 8 Mon</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>April 10 Wed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>April 11 Thu</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>April 15 Mon</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>April 17 Wed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>May 4 Saturday</strong></td>
<td>Final exam 7:00 – 10:00 pm</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
I. DYNAMICS AND GETTING STARTED (AND OTHER INTERESTING PAPERS…)


II. RISK & UNCERTAINTY


III. HEALTH


Galeotti, Andrea and Brian Rogers, 2013, Strategic immunization and group structure, American Economic Journal – Microeconomics 5(2).


IV. ECONOMICS OF THE HOUSEHOLD & LABOR MARKETS


V. **Economic Development**


VI. **Firms, Information, Goods, & Mechanism Design**


Diamond, Peter, 1967, “The role of a stock market in a general equilibrium model with technological

VII. BARGAINING THEORY

VIII. **Single Peaked Preferences**

IX. **Manipulation of Allocation Rules**


X. **Matching**


**XI. PROPERTY RIGHTS & CORRUPTION**


**XII. URBAN & SPATIAL ECONOMICS**


He, Chao, Randall Wright, and Yu Zhu, 2015, Housing and liquidity, *Review of Economic Dynamics* **18**.


**XIII. INTERNATIONAL ECONOMICS**


XIV. **NATURAL RESOURCE & ENVIRONMENTAL ECONOMICS**


XV. **POLITICAL ECONOMY & PUBLIC ECONOMICS**


Esteban, Joan, Massimo Morelli, and Dominic Rohner, 2015, Strategic mass killings, *Journal of Political Economy* 123(5).


Tirolo, Jean, 2015, Market failures and public policy, American Economic Review 105(6).

XVI. BEHAVIORAL AND NEURO-ECONOMICS
Machina, Mark, 2014, Ambiguity aversion with three or more outcomes, American Economic Review 104(12).

XVII. OWNERSHIP AND CONTROL


XVIII. CONTRACT THEORY


XIX. FINANCIAL INTERMEDIARY, LIQUIDITY, AND FINANCIAL SECURITIES


Elul, Ronel and Pietro Gottardi, 2015, Bankruptcy: is it enough to forgive or must we also forget? American Economic Journal – Microeconomics 7(4).


Gertler, Mark and Nobuhiko Kiyotaki, 2015, Banking, liquidity, and bank runs in an infinite horizon economy, American Economic Review 105(7).


**XX. CAPITAL STRUCTURE**


**XXI. MACRO AND INTERNATIONAL FINANCE, BUSINESS CYCLES**


**XXII. NEW PAPERS I WANT TO READ**


