

**Sciences Po**  
**Master of Public Affairs 2009-2010**

**Syllabus, Core Course, 1<sup>st</sup> semester (2.5 credits)**

## **Microeconomics for Public Policy - Level 1a**

**Anton I. Granik**

### **Instructor:**

Anton I. Granik  
E-mail: [ag268@columbia.edu](mailto:ag268@columbia.edu)  
Office Hours: by appointment  
Course Website: <http://entg2.sciences-po.fr> (then search for the "Microeconomics MPA 1" group)

### **Course Description:**

This course is intended for students with little or no previous background in economics. The main objective of this course is to prepare the students for the advanced (level 2) microeconomics course offered in the second semester. We will cover the fundamental principles and techniques of microeconomic theory that will later be used in analyzing various economic aspects of public policy.

We will rely extensively on graphs and simple algebra to master economic concepts and solve exercises. If you feel rusty in these areas, reviewing them early in the term will pay large dividends. Students with no formal background in economics and/or with weak analytic and quantitative skills should expect to devote extra time to this course.

Teamwork will be a major factor in the learning process. Students will be expected to form groups consisting of roughly 4 members for the purpose of solving the "problem sets" that will be assigned during the course and consist of (mostly) quantitative exercises. These problem sets will be graded. Each group will be required to submit a single version of solutions, and all group members will receive the same grade. The TA will review your solutions to help you diagnose the gaps in your understanding. Review sessions will be partly devoted to going over the exercises, and thus, I strongly recommend that you attend them.

### **Course Requirements :**

- 1) 3 problem sets
- 2) Midterm Exam

- 3) Final exam
- 4) Class participation is strongly encouraged (see below!)

### **Assessment:**

The final grade will be a linear combination of the following components:

- Problem Sets (25%)
- Midterm Exam (25%)
- Final Exam (40%)
- Class Participation (10%)
- $10\% * (\text{Final Exam Grade} - \text{Midterm Exam Grade})$  will be added to (subtracted from) your overall grade.

### **Course Outline:**

- 1) Introduction to Economic Models, Models and Policy (Reading: KW, Chapters 1 and 2)
  - a) Positive vs. Normative Economics
  - b) Using economic models
- 2) The Market: Supply and Demand (Reading: KW, Chapter 3, 4 and 5)
  - a) The demand (supply) curve
  - b) Market equilibrium
  - c) Applications: price controls, quotas, and taxes
  - d) Elasticities
- 3) Consumer and Producer Surplus (Reading: KW, Chapter 6)
- 4) Consumer Choice (Reading: KW, Chapters 10 and 11)
  - a) Preferences, Maximization, Rationality
  - b) Indifference curves and budget lines
  - c) Income and substitution effects
- 5) Producer Choice (Reading: KW, Chapters 8 and 9)
  - a) Construction of the supply curve
  - b) Inputs and costs
  - c) Modelling the behavior of firms in competitive markets

### **General Bibliography:**

The main textbook for this course is "Microeconomics" by Paul Krugman and Robin Wells (Worth Publishers). Additional readings may be assigned as the course progresses.