

University of San Francisco
Department of Economics
Econ 601 - Microeconomics: Theory and Applications
Fall 2025, Section 1
Monday and Wednesday 4:45-6:25pm
Lone Mountain 152

Instructor: Professor Jesse K. Anttila-Hughes

Office: McLaren 107

Office Hours: By appointment via <https://calendly.com/jkanttilahughes/15-min-meeting>

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OH Zoom link: <https://usfca.zoom.us/j/8826982195>

CLASS DESCRIPTION AND OVERVIEW:

Economics 601-01 is the four credit graduate microeconomics theory class at USF intended for MS IDEC students. This class provides an overview of modern microeconomic theory for applied development economists, introducing students to work horse models and theoretical concepts including: game and theory and social dilemmas, evolution and equilibrium selection, coordination failures, institution and mechanism design, political economy, and the economics of labor markets. Special attention will be paid to issues surrounding interpretation and application of models to developing contexts, the interlocking roles of theory and empirics, and the use of theory outside of academic contexts. I will presume that all students have at least a basic understanding of calculus and basics of optimization, and a 2nd year Master's student's command of basic economic theory.

This class will move through a large body of material fairly quickly; please make sure that you keep up with readings, particularly the Bowles text, attend all lectures and seminars, and allow yourself plenty of time to complete problem sets, as they are a principle focus of the class. I meanwhile will try to make the process of doing so as engaging and enjoyable as possible, both when going over the core conceptual material in class, as well as solving problems during the lab. I am a firm believer in both constructive criticism and human fallibility, so I urge you to let me know if you have any questions, concerns, or suggestions regarding either the material we will cover or the class in general.

COURSE LEARNING OUTCOMES:

By the end of this course, students will be able to:

1. Read and interpret theoretical models from the economics literature, understand the significance and meaning of mathematical equations in those models, and relate those models to larger, abstract concepts in economics.
2. Relate real world problems to theoretical models, and identify ways in which models do and do not improve understandings of empirical problems.

3. Place individual theory papers and models into their context in the economics literature, describing why certain models are viewed as ground breaking and developing an understanding of the history of thought in the human behavioral sciences.
4. Solve simple versions of classic theory problems to predict and interpret economic behavior and its response to different initial conditions and assumptions.
5. Write a literature review of relevant microeconomic theory that relates to IDEC thesis work, placing models into a larger epistemic context of continually updated and refined attempts at modeling the world.

MS- IDEC PROGRAM LEARNING OUTCOMES:

Primary Program Goal: To train masters students as empirical economic researchers so that they are capable of carrying out fieldwork, econometric analyses of policies and programs related to international and development economics, and displaying these competencies in high-quality research papers and oral presentations.

1. Students will be able to define an economics research question appropriate to a topic of interest.
2. Students will be able to review and synthesize the existing theoretical and empirical literature in a given field of research.
3. Students will be able to design appropriate field research strategies for collecting primary data on a topic related to international and development economics.
4. Students will acquire the econometric skills required to rigorously analyze a broad range of types of data, be able to run appropriate econometric tests, and diagnose statistical problems in estimation.
5. Students will be able to tie statistical methods to microeconomic and macroeconomic theory and the literature in international and development economics, interpret econometric results, and discern the conditions under which estimations are able to yield causal relationships.
6. Students will be able to infer implications and policy conclusions from their research for other international economists, policy makers, and development practitioners.
7. Students will be able to communicate at an excellent level, both in writing and verbally, recognizing that good economic research involves not only effective technical skills but effective means of listening and responding to criticism and communicating results.

READINGS AND RESOURCES:

Text: The primary text for this class is Bowles' Microeconomics: Behavior, Institutions, and Evolution, which is available as a softcover for under \$60 online as well as free on JSTOR <https://www.jstor.org/stable/j.ctvcm4gc3>. I will also be assigning many academic papers which all will be available on Canvas as PDFs. Students wishing for a refresher on basic economic theory are referred to The Economy, the open source CORE economics textbook (<https://www.core-econ.org/the-economy/book/>).

Canvas: I will post slides, assignments, papers, supporting material for the course, etc. on Canvas throughout the semester. Please remember to check Canvas regularly for announcements.

COURSE REQUIREMENTS:

Class Attendance and Participation: Students are expected to attend all lectures, seminars, and labs live, regardless of format. Failure to attend class in a consistent manner may result in punitive measures, and more importantly will impact your success in the class, as you will miss out on class exercises. Economics is not an easy subject, and we will be covering material in class that is not covered in any of the texts or readings.

Class participation is expected and strongly encouraged. Please feel free to raise your hand and ask me a question at any point during my lectures, and don't be surprised if I ask you the occasional direct question. Conversely, I understand that students have different levels of comfort as far as public speaking is concerned, so if you feel intimidated asking a question in front of the class I ask that you please feel welcome to either come to my office hours or email me directly.

One-time office hours meeting: In order to better get to know you, I ask that all students with whom I have not previously met please come to my office hours at least once prior to the end of September.

Problem Sets: Problem sets are due at or before the beginning of class on the day they are due. Problem sets are intended to help you learn the material and practice for the exams, so I strongly recommend that you devote ample time to them. Please feel free to talk with other students about problem set problems, review online resources related the questions, etc. but do not simply copy answers from other students or the internet. I consider this to be a form of academic honesty (see below) and take it very seriously.

Exams: The take home final exam will be cumulative, and will closely track the problem sets in content and structure.

Grading: The grade distribution for the class will be as follows:

- Problem Sets: 50%
- Theory Literature Review: 25%
- Final exam: 25%

I will not be grading the class on a curve, so so long as you understand the material and can solve the problem sets you should do quite well in the class. I reserve the right to adjust final grades up or down by a reasonable amount for class participation behavior and other appropriate reasons.

ADDITIONAL COURSE-RELATED RESOURCES AND CONCERNS

Academic Integrity

As a Jesuit institution committed to *cura personalis*—the care and education of the whole person—USF has an obligation to embody and foster the values of honesty and integrity. USF upholds the standards of honesty and integrity from all members of the academic community. All students are

expected to know and adhere to the University's Honor Code. You can find the full text of the code online at www.usfca.edu/academic_integrity. The policy covers:

- Plagiarism — intentionally or unintentionally representing the words or ideas of another person as your own; failure to properly cite references; manufacturing references.
- Working with another person when independent work is required.
- Submission of the same paper in more than one course without the specific permission of each instructor.
- Submitting a paper written by another person or obtained from the internet.
- The penalties for violation of the policy may include a failing grade on the assignment, a failing grade in the course, and/or a referral to the Academic Integrity Committee.

Students with Disabilities

If you are a student with a disability or disabling condition, or if you think you may have a disability, please contact USF Student Disability Services (SDS) at 415 422-2613 within the first week of class, or immediately upon onset of disability, to speak with a disability specialist.

If you are determined eligible for reasonable accommodations, please meet with your disability specialist so they can arrange to have your accommodation letter sent to me, and we will discuss your needs for this course. For more information, please visit: <http://www.usfca.edu/sds> or call (415) 422-2613.

Behavioral Expectations

All students are expected to behave in accordance with the Student Conduct Code and other University policies (see <http://www.usfca.edu/fogcutter/>). Open discussion and disagreement is encouraged when done respectfully and in the spirit of academic discourse. There are also a variety of behaviors that, while not against a specific University policy, may create disruption in this course. Students whose behavior is disruptive or who fail to comply with the instructor may be dismissed from the class for the remainder of the class period and may need to meet with the instructor or Dean prior to returning to the next class period. If necessary, referrals may also be made to the Student Conduct process for violations of the Student Conduct Code.

Learning & Writing Center

The Learning & Writing Center provides assistance to all USF students in pursuit of academic success. Peer tutors provide regular review and practice of course materials in the subjects of Math, Science, Business, Economics, Nursing and Languages. Other content areas can be made available by student request. To schedule an appointment, log on to TutorTrac at <https://tutortrac.usfca.edu>. Students may also take advantage of writing support provided by Rhetoric and Language Department instructors and academic study skills support provided by Learning Center professional staff. For more information about these services contact the Learning & Writing Center

at (415) 422-6713, email: lwc@usfca.edu or stop by our office in Cowell 215. Information can also be found on our website at www.usfca.edu/lwc.

Counseling and Psychological Services

Our diverse staff offers brief individual, couple, and group counseling to student members of our community. CAPS services are confidential and free of charge. Call 415-422-6352 for an initial consultation appointment. Having a crisis at 3 AM? We are still here for you. Telephone consultation through CAPS After Hours is available between the hours of 5:00 PM to 8:30 AM; call the above number and press 2.

Confidentiality, Mandatory Reporting, and Sexual Assault

As an instructor, one of my responsibilities is to help create a safe learning environment on our campus. I also have a mandatory reporting responsibility related to my role as a faculty member. I am required to share information regarding sexual misconduct or information about a crime that may have occurred on USFs campus with the University. Here are other resources:

- To report any sexual misconduct, students may visit Anna Bartkowski (UC 5th floor) or see many other options by visiting our website: www.usfca.edu/student_life/safer
- Students may speak to someone confidentially, or report a sexual assault confidentially by contacting Counseling and Psychological Services at 415-422-6352.
- To find out more about reporting a sexual assault at USF, visit USFs Callisto website at: www.usfca.callistocampus.org.
- For an off-campus resource, contact San Francisco Women Against Rape (SFWAR) (415) 647-7273 (www.sfwar.org).

Student Accounts - Last day to withdraw with tuition reversal

Students who wish to have the tuition charges reversed on their student account should withdraw from the course(s) by the end of the business day on the last day to withdraw with tuition credit (census date) for the applicable course(s) in which the student is enrolled. Please note that the last day to withdraw with tuition credit may vary by course. The last day to withdraw with tuition credit (census date) listed in the Academic Calendar is applicable only to courses which meet for the standard 15-week semester. To find what the last day to withdraw with tuition credit is for a specific course, please visit the Online Class Schedule at www.usfca.edu/schedules.

GENERAL CLASSROOM ETIQUETTE:

- Please come to class on time. If you are consistently late to class or late then I will speak with you about the matter; repeat offenders may see their grades penalized.
- I expect everyone in the class to be polite and respectful of everyone else. Please feel free to approach me if you feel that anyone in the class (including myself or the TA) is not holding his or herself to this rule.
- The 2020s are a historically unprecedeted time. Please be extra patient and understanding with each other, and I will strive to do the same. Reach out if I can help with anything in class or out, and when in doubt, just email.

NOTABLE DATES:

Tuesday, Aug 19th: First day of classes

Friday, Sept. 5th: USF census date (*last day to drop classes with a refund*)

Monday-Tuesday Oct 13-14th: Fall break, no classes

Friday, Oct 31st: drop / withdraw deadline

Thursday-Friday, Nov. 27-28th: Thanksgiving Recess

Wednesday, Dec. 3rd: Last Day of Classes

Saturday, December 6, 2025 5:30 PM-7:30 PM: In Class Final Exam

SYLLABUS (subject to change):

Week 1 - Theory, Institutions, and the Wealth of Nations

Reading:

Bowles – Microeconomics: BIE - Prologue

Bowles and Carlin - 2019 - What Students Learn in Economics 101 - Time for a Change

Supplemental:

CORE Econ Ch.1 <https://www.core-econ.org/the-economy/book/text/01.html>

Fourcade, Ollion and Algan – 2015 – The Superiority of Economists

Week 2 -3 - Social Interactions and Institutional Design

Reading:

Bowles Ch. 1

Munshi - 2011 - Strength in Numbers - Networks as a Solution to Occupational Traps

Acemoglu and Ozdaglar - Lecture 16 - Cooperation and Trust in Networks

Supplemental:

CORE – Ch. 4 – Social Interactions

Binmore - 2007 - Game Theory - A Very Short Introduction - Ch 1 and 2

HW1: BIE Problems 1, 2

HW2: BIE Problems 3, 4

Week 4 -5 - Spontaneous Order and Cultural Evolution

Reading:

BIE Ch.2

Acemoglu and Robinson – 2016 – Paths to Inclusive Institutions

Nunn - 2020 - History as Evolution

Brander and Taylor - 1997 - The Simple Economics of Easter Island

Young - 2015 - The Evolution of Social Norms

Supplemental:

Alesina and Giuliana – 2015 – Culture and Institutions

Boesch et al. - 2020 - Chimpanzee ethnography reveals unexpected cultural diversity

Patterson - 2015 - Making Sense of Culture

HW3: BIE 5, 6, 7

Week 6 – Social Preferences and Behavior

Reading:

BIE Ch.3

Aumann - 2019 - A synthesis of behavioural and mainstream economics

Enke - 2019 - Kinship, Cooperation, and the Evolution of Moral Systems

Supplemental:

Ruggeri et al. - 2020 - Replicating patterns of prospect theory for decision under risk

HW4: BIE 9

Week 7 - Coordination Failures and Institutional Responses

Reading:

BIE Ch.4

Estrella et al - 2019 - Environmentally Mediated Social Dilemmas

Ostrom - 2000 - Collective Action and the Evolution of Social Norms

Supplemental:

Fischbacher and Gachter - 2010 - Social Preferences, Beliefs, and Dynamics of Free Riding

HW5: BIE 10

Week 8 - Dividing the Gains to Cooperation: Bargaining and Rent Seeking

Reading:

BIE Ch.5

CORE Ch. 5

Jacoby and Mansuri - 2010 - Watta Satta - Bride Exchange and Women's Welfare in Pakistan

Krueger - 1974 - The Political Economy of the Rent-Seeking Society

Supplemental:

Muthoo - 2000 - a non technical introduction to bargaining theory

Binmore - 2014 - Bargaining and fairness

HW6: BIE 13

Week 9 - Utopian Capitalism: Decentralized Coordination

Reading:

BIE Ch.6

Becker - 1965 - A Theory of the Allocation of Time

Voigtländer and Voth - 2013 - The Three Horsemen of Riches

Bardhan and Udry - Ch. 2 - Household models

Supplemental:

Benjamin - 1992 - Household_Composition_Labor_Markets_and_Labor_Demand

CORE Ch 8.

HW7: BIE 15

Week 10 - Exchange under incomplete contracts

Reading:

BIE Ch.7

Hart - 2017 - Incomplete Contracts and Control

Williamson - 1973 - Markets and Hierarchies

Supplemental:

Frydlinger Hart and Vitasek - 2019 - A New Approach to Contracts

HW8: BIE 17

Week 11 - Labor and employment under incomplete contracts

Reading:

BIE Ch.8

Williamson - 2002 - The Theory of the Firm as Governance Structure
CORE 6+9

Supplemental:

Azar Marinescu and Steinbaum - 2019 - Labor Market Concentration

HW9: BIE 20

Week 12 - Credit Markets, Wealth Constraints and Allocative Inefficiency

Reading:

BIE Ch.9

Stein and Yannelis - 2019 - Financial inclusion, human capital, and wealth accumulation

Hoff and Stiglitz - 1990 - Imperfect Information and Rural Credit Markets

HW10: BIE 25

Week 13 - The Institutions of a Capitalist Economy

Reading:

BIE Ch.10

Gabaix - 2016 - Power Laws in Economics - An Introduction

Supplemental:

Mulder et al. - 2009 - Intergenerational Wealth Transmission and the Dynamics of Inequality in Small-Scale Societies

HW11: BIE 27

Week 14 - Development as Institutions and Economic Governance

Reading:

BIE Ch.14

Piketty - 2015 - About capital in the twenty-first century

Supplemental:

De Loceker Eeckhout and Unger - 2020 - The rise of market power and the macroeconomic implications

Week 15 - Conclusions, Implications, Review