

Econ 802

Greg Dow

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I have taught Econ 802 ten times. This is the last time. I am retiring in April 2022.

I received my PhD and became an assistant professor in 1981, which was 40 years ago, so this seems like the right time for retirement.

Because it is a special occasion, I will tell you how I learned micro theory.

As an undergraduate, I majored in sociology. I took introductory economics, economic history, and the history of economic thought. I didn't take any undergraduate courses in micro theory, and I only had one math course (a semester of calculus).

As a grad student at the University of Michigan, I did a Master's in Public Policy. This included some economics courses, which I liked.

After finishing the MPP, I started the PhD program in economics in 1977. It was hard because I had to catch up on a lot of theory and math in a short period of time.

In my version of 802, the main text was by Henderson and Quandt (first published in the 1950s).

This book had no duality theory and no algebraic approach to comparative statics.

Almost everything involved differentiating first order conditions, inverting bordered Hessians, and using Cramer's rule to see whether derivatives were positive or negative. It was boring.

The following fall, Michigan hired a new micro theorist named Hal Varian.

So unfortunately, I missed having Varian as my 802 instructor by one year. I have a friend who took a course from Varian and says he was a good teacher.

When I took 802, Varian's textbook had not been published yet, but we had a pre-publication version for supplemental reading.

There were a lot of typographical mistakes (about one per page, many of them involving math).

When I became confused, frequently I was unsure whether it was because I didn't understand economics or because the book was wrong.

Eventually I finished my PhD and got an assistant professor job. Then I moved to Canada in 1986 and became an associate professor at the University of Alberta.

One of my jobs at Alberta was to teach their version of 802. I decided to use Varian's book, which was in its second edition at that point. I taught that course for several years.

In 1995, I moved to SFU and initially taught Econ 803 using Mas-Colell, Whinston, and Green. But in 2004, I started doing Econ 802 and returned to Varian, which was in its third edition.

At this point Varian's book has been part of my life in one way or another for almost 45 years.

By the way: Varian became the chief economist at Google in 2002, so he is now very rich.

A few closing reflections on teaching micro theory:

1. When you teach a subject repeatedly, you learn it. As an instructor you think about all the possible ways in which people could become confused and try to avoid them. This process tends to reduce your own level of confusion. I feel much less confused today than I did forty years ago.
2. Teaching micro theory has improved my research because it has kept the ideas fresh in my mind. Often when I have been constructing formal models for journal articles or books, I have recalled an idea from 802 and used it.
3. Each year, students have asked new questions that previous students did not ask (often very good questions). This has kept the material interesting from my standpoint.

I have enjoyed my forty years as an economist. I hope that when you go out into the real world and become professional economists, you will also enjoy it.

I also hope that at least a few of the ideas from 802 will be useful in your professional careers.

Thanks for taking the course!