Course Description

Advanced theory of individual economic behaviour in production, consumption, and general equilibrium. Elementary tools of mathematics are employed in the exposition of most topics.

Precludes additional credit for ECON 4200 (no longer offered).

Prerequisites: ECON 2020 (or ECON 2009) and ECON 2030 each with a grade of C+ or higher or ECON 2002 (no longer offered) and ECON 2003 (no longer offered) each with a grade of C+ or higher; ECON 2400 (or MATH 2000 or MATH 2004) with a grade of C+ or higher; and ECON 2202 (or equivalent, or STAT 2605 or STAT 3502), which may be taken concurrently with ECON 4020.

Students who believe they have taken a similar background course or courses from another university must provide appropriate documentation to the Department of Economics Undergraduate Advisor, Amanda Wright.

A grade of C- or higher is required to qualify for ECON 4901. DEF(ered final grade) status at the end of this course precludes (continued) registration in any other course for which the former is a prerequisite.

Required Text


Other References


Topics

I. Producer Theory

- Production technology
- Profit maximization
- Profit function
- Cost minimization
- Cost function

Varian: Chapters 1, 2, 3, 4, 5

II. Consumer Theory

- Utility maximization and indirect utility function
- Expenditure minimization and expenditure function
- Marshallian and Hicksian demand functions
- Slutsky equation and Slutsky matrix
- Endowments in the budget constraint
- Compensating and equivalent variations
- Consumer surplus

Varian: Chapters 7, 8, 9, 10

III. Equilibriums

- Competitive markets
- General equilibrium

Varian: Chapters 13, 17, 18

Evaluation

Assignment I:  15%  (Due on March 9)
Assignment II: 15%  (Due on April 6)
Examination I: 35%  (To be held on February 9)
Examination II: 35%  (To be held on March 23)

Students who can document a compelling reason for missing an examination will write a make-up examination within two weeks of the original examination. Students must inform the instructor of such an absence in advance, if possible.

Standing in a course is determined by the course instructor, subject to the approval of the Faculty Dean. This means that grades submitted by the instructor may be subject to revision. No grades are final until they have been approved by the Dean.