Carleton University

Department of Economics
ECON 5020 F
Microeconomic Theory
Fall 2023

Instructor: Zhiqi Chen
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Office Hours: Thursdays 9:30am – 11:00am

Course Location/Delivery: In Person. Log into Carleton Central to view the location on your timetable.

Lectures: Thursdays 2:35pm – 5:25pm

TA: Tonghui Tian, TONGHUITIAN@cmail.carleton.ca

Brightspace Course Page: https://brightspace.carleton.ca/d2l/home/208461

Course Description

An introduction to graduate-level microeconomic theory, including topics such as utility maximization and individual choice, decision-making under uncertainty, producer theory (technology, costs, and profit maximization), alternative market structures (competition, monopoly, and oligopoly), general equilibrium, and the economics of information.

Precludes additional credit for ECON 5000 (no longer offered) and ECON 5001 (no longer offered).

Learning Outcomes

Students will acquire the main elements of mathematical modelling of consumer behaviour, producer behaviour and market equilibrium.

Required Text

Jehle, Geoffrey, A, and Philip J. Reny, *Advanced Microeconomic Theory*, 3rd edition, London: Financial Times Prentice Hall, 2011

Other References

Varian, H. R., *Microeconomics Analysis*, 3rd ed. New York: W.W. Norton and Company, 1992

Mas-Colell, A., M.D. Whinston, and J.R. Green, *Microeconomic Theory*, New York: Oxford University Press, 1995

Readings of Interest

Cartwright, E., *Behavioral Economics*, London: Routledge, 2011

Knight, F., *Risk, Uncertainty and Profit*, Boston: Houghton Mifflin 1921 (Available online at
http://www.econlib.org/library/Knight/knRUP.html)

Schwatz, B. *Paradox of Choice: Why More is Less*, New York: HarperCollins, 2004

Topics

I. Consumer Theory

- Preferences
- Utility maximization and indirect utility function
- Expenditure minimization and expenditure function
- Marshallian and Hicksian demand functions
- Slutsky equation and Slutsky matrix
- Aggregate demand
- Revealed preferences
- Risk and uncertainty

Jehle and Reny, chapters 1 and 2

Gilboa, I. and D. Schmeidler (1989) "Maxmin Expected Utility with Non-Unique Prior," *Journal of Mathematical Economics*, 18: 141 – 153

Klibanoff, P., M. Marinacci, and S. Mukerji (2005) "A Smooth Model of Decision Making under Ambiguity," *Econometrica*, 73: 1849–1892

II. Producer Theory

- Production set
- Profit maximization and profit function
- Cost minimization and cost function
- Input demand and output supply functions
- Aggregation

Jehle and Reny, chapter 3

III. Equilibriums

- Perfect competition
- Equilibrium in competitive market systems
- Imperfect competition

Jehle and Reny, chapters 4 and 5

IV. Information Economics

- Adverse selection
- Moral hazard
- Competition in selection markets

Jehle and Reny, chapter 8

Neale Mahoney, André Veiga & E. Glen Weyl (2014) "Competition Policy in Selection Markets"
http://ssrn.com/abstract=2484738

Evaluation

Each student's grade in the course will be determined based on the following three components:
Questionnaire: 5% (Due on September 14)
Midterm Examination: 45% (In person, to be held in class on October 19)
Final Examination: 50% (In person, to be scheduled by Scheduling and Examination Services)

Any student who fails to write the midterm exam without a valid medical or equivalent excuse will receive a zero for the exam. With a valid excuse, a substitute exam will be scheduled.

Failure to write the final examination when the student has achieved satisfactory performance during the term will result in a grade of F until an appeal to write the deferred final exam is granted. Application to write a deferred final examination must be made at the Registrar's Office.

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.

Use of Brightspace

Students are advised to check the course website in Brightspace regularly for course materials and updates. Lecture slides and problem sets will be posted at the Brightspace course website.

Tutorials

Tutorials will be conducted to demonstrate the applications of concepts and theories presented in classes. They will commence after a sufficient amount of materials are covered in lectures. Therefore, there will be no tutorial during the first week of classes. A schedule of the tutorials will be posted at the Brightspace course website at the beginning of the term.

Course Materials

Student or professor materials created for this course (including presentations and posted notes, assignments and exams) remain the intellectual property of the authors. They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author.

Plagiarism, Resources and Mental Health, Academic Accommodations

You are responsible for reading and knowing the information about plagiarism, Carleton University resources, and academic accommodations found HERE.