Welcome to Microeconomic Theory.

**Objectives:** This course is 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).

**Textbook**

The required textbook for this course is

*Microeconomic Theory* by A. Mas-Colell, M. Whinston, and J. Green

Oxford University Press, 1995

**Other helpful textbooks**

*Advanced Microeconomic Theory (3rd edition)* by G. Jehle, and P. Reny

*Microeconomic Analysis (3rd edition)* by H. Varian

*A Course in Microeconomic Theory* by D. Kreps
Course Outline

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

   Chapters 1, 2, 3, 4a, b, and 6

II. Theory of the Firm
   - Production set
   - Profit maximization and profit function
   - Cost minimization and cost function
   - Input demand and output supply functions
   - Aggregation

   Chapter 5

III. Equilibrium and Efficiency
   - Perfect competition
   - Equilibrium in competitive market systems
   - Imperfect competition
   - The fundamental theorems of welfare economics
   - Pareto optimality and social welfare optima

   Chapters 10, 15, 16, and 17a, b

IV. Information Economics
   - Adverse Selection
   - Moral Hazard

   Chapters 13 and 14
Grading Scheme

- The final grade will consist of the following elements weighted as shown

  1. Four assignments                      20%
  2. One in-class midterm exam            30%
  3. Final exam                           50%

- The midterm examination will be held after finishing topic I. There will be no deferred mid-term exam. If you miss it due to an emergency or illness and provide proper documentation, the assigned weight will be added to the final exam. Otherwise you will receive zero marks for it.

- The final examination will be three hours in duration at a time and place set by the Scheduling Office.

Assignments and Solutions

Students are encouraged to work through as many textbook problems as possible, since these are the best way to learn the course and prepare for the exams as well. Students may wish to work together on assignments, BUT each student MUST write up his/her assignments independently. The solutions to the assignments will be available on my web site www.carleton.ca/~jzhang after the due day.

Plagiarism: Please be aware that plagiarism is serious offence at Carleton and should be recognized and avoided. For further information on how to do so, please see “Pammett on Plagiarism and Paraphrasing” at http://www.carleton.ca/economics/courses/writing-preliminaries/.

Accommodation: Students with disabilities requiring academic accommodations in this course must contact a coordinator at the Paul Menton Centre for Students with Disabilities to complete the necessary Letters of Accommodation. After registering with the PMC, make an appointment to meet and discuss your needs with me in order to make the necessary arrangements as early in the term as possible.

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<th>For Religious Obligations</th>
<th>To be worked out on individual basis with instructor. Consult Equity Services Website or an Equity Advisor (ext. 5622) for Policy and list of Holy Days (<a href="http://www.carleton.ca/equity">www.carleton.ca/equity</a>)</th>
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<td>For Pregnancy</td>
<td>Contact Equity Services (ext. 5622) to obtain letters of accommodations</td>
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If you have any problems and questions, please do not hesitate to ask me for help.