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).

Required Text


Other References


Readings of Interest


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


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


Evaluation

Each student’s grade in the course will be determined based on the following three components:
Mathematics Test: 5% (To be held during tutorial time on January 31)
Midterm Examination: 45% (To be held in class on March 1)
Final Examination: 50% (To be scheduled by Scheduling and Examination Services)

Any student who fails to appear for the mathematics test or midterm exam without a valid medical or equivalent excuse will receive a zero for that test/exam. With a valid excuse, a substitute test/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. A change of grade will be submitted when the deferred final exam has been written and the marks are available. See Academic Regulation 2.3 for the official meanings of the grades, and note that it stipulates that no course grades are final until approved by the Faculty Dean. Note also that course grades may be scaled upwards or downwards in a rank-preserving manner to better fit the relevant departmental distributional norm. Application to write a deferred final examination must be made at the Registrar’s Office in writing no later than three working days after the original final examination.

**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.

**Tutorials**

Weekly tutorials will be conducted to demonstrate the applications of concepts and theories presented in classes.

**Accommodation:**
The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or pmc@carleton.ca for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send the instructor your Letter of Accommodation at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). Requests made within two weeks will be reviewed on a case-by-case basis. After requesting accommodation from PMC, meet with the instructor to ensure accommodation arrangements are made. Please consult the PMC website (www.carleton.ca/pmc) for the deadline to request accommodations for the formally-scheduled exam (if applicable).

**Religious Observance:** Students requesting accommodation for religious observances should apply in writing to their instructor for alternate dates and/or means of satisfying academic requirements. Such requests should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but no later than two weeks before the compulsory academic event. Accommodation is to be worked out directly and on an individual basis between the student and the instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the student. Instructors and students may contact an Equity Services Advisor for assistance (www.carleton.ca/equity).

**Pregnancy:** Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete a letter of accommodation. Then, make an appointment to discuss your needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.