

**ECONOMICS 5010**  
**(Graduate) Microeconomic Theory**  
Fall 2015 Course Outline

Department of Economics, University of Lethbridge

---

Instructor:	Md Kamar Ali, Ph.D.	Class time:	MW 6:00 – 7:15 pm
Office:	D556 University Hall	Class room:	UH B730
Phone:	(403) 317-2876	Office hours:	MW 11:00 – 12:00 pm
e-mail:	<a href="mailto:kamar.ali@uleth.ca">kamar.ali@uleth.ca</a>		

---

### **Course Description**

This is your first course in graduate level microeconomics. It will cover familiar core microeconomics topics such as consumer theory, producer theory, and markets but with a different exposition and more rigorous mathematical treatment than what you have seen in previous courses. Fundamentals of general equilibrium analysis will be introduced. Decision making under uncertainty, strategic behavior, and asymmetric information will also be presented.

### **Prerequisite**

Students are expected to have completed one senior undergrad level microeconomics course and one mathematical economics course.

### **Required Text**

Varian, H. R. (1992). *Microeconomic Analysis*. Third edition, W.W. Norton & Company, New York.

### **Additional Readings**

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

Jehle, G.A. and Reny, P.J. (2011). *Advanced Microeconomic Theory*. Third edition, Prentice Hall.

### **Course Outline**

*(This is a tentative course outline. We may not get to cover all topics due to time constraints)*

#### **A. Math/set notations (JR-Mathematical Appendix A1)**

#### **B. Consumer Theory (V7, 8, 10)**

- Axioms of preference
- Utility function
- Utility maximization
- Demand functions (Marshallian)
- Expenditure minimization
- Hicksian demand functions
- Roy's Identity, Slutsky equation
- Weak and strong axioms of revealed preference
- Measures of consumer welfare
- Compensating and equivalent variations

### C. Theory of the Firm (V1, 2, 3, 4, 5, 6)

- Profit maximization
- Profit function
- Hotelling's lemma
- Production functions
- Returns to scale and homogeneity
- Cost minimization
- Cost functions
- Shephard's lemma

### D. Market Structure (V13, 14, 16)

- Competitive markets
- Monopoly
- Oligopoly
- General equilibrium analysis
- Existence theorems
- First and Second Welfare Theorems

### E. Special Topics

- Choice under uncertainty (V11)
- Asymmetric Information (V25)

### Grading

Grading will be based on 5 assignments, 2 midterm exams and 1 final exam.

Grading items	Weight	Date
<b>Assignments (5)</b>	<b>20%</b>	<b>Each about a week</b>
Assignment #1: Sept 14 <sup>th</sup>		Sept 21 <sup>st</sup>
Assignment #2: Sept 23 <sup>rd</sup>		Sept 30 <sup>th</sup>
<b>Midterm # 1</b>	<b>20%</b>	<b>Oct 07, 2015 (Wednesday)</b>
Assignment #3: Oct 19 <sup>th</sup>		Oct 26 <sup>th</sup>
Assignment #4: Oct 28 <sup>th</sup>		Nov 4 <sup>th</sup>
<b>Midterm # 2</b>	<b>20%</b>	<b>Nov 16, 2015 (Monday)</b>
Assignment #5: Nov 30 <sup>th</sup>		Dec 7 <sup>th</sup>
<b>Final exam (cumulative)</b>	<b>40%</b>	<b>Dec 14, 2015 (Monday: 6-9 pm)</b>

Letter grades will be awarded as follows:

A+ : $\geq 90$	B+ : 77 – 79.9	C+ : 67 – 69.9	D+ : 57 – 59.9
A : 85 – 89.9	B : 74 – 76.9	C : 64 – 66.9	D : 50 – 56.9
A- : 80 – 84.9	B- : 70 – 73.9	C- : 60 – 63.9	F : < 50

Late assignments are not accepted. If you miss a midterm for valid reasons (e.g., illness or other extenuating circumstances) and wish to write at a different time, you must contact the instructor and submit verification documents (e.g., a doctor's note). If you miss the final exam, it may be re-arranged only with the Dean's approval as indicated in the University of Lethbridge Academic Calendar 2015/16, page 80, c(8).

**Academic Dishonesty:** Please note that cheating, plagiarism, and other forms of academic dishonesty are subject to severe penalty at the University of Lethbridge. More information can be found at <https://www.uleth.ca/ross/sites/ross/files/imported/academic-calendar/2015-16/part04.pdf> , pages 73-75.