

**Economics 400**  
**Advanced Microeconomic Theory**  
**Fall 2022 (CRN: 11192)**

**Course Outline**

**Instructor:** Dr. Daniel Rondeau, BEC 342, e-mail: rondeau@uvic.ca  
**Office Hours:** By appointment. Please email, suggesting two or three time availabilities over two different days  
**Classes:** Monday and Thursday, 11:30-12:50 PM, Clearihue C115  
**Course Web Page:** Brightspace

**Course Overview:**

This course presents an advanced treatment of consumer theory and of the foundations of cost benefit analysis, choice under uncertainty and, game theory. The content of lectures will reflect the need to develop theoretical methods and a formalization (modeling) of individual preferences and choices. This will allow us to restate the main results of consumer theory (previously seen in lower level courses), pointing out their formal theoretical origins and empirical implications.

The objective of the course is to expose students to the process of formal economics studies and theory development, principally by working through the complete development of consumer demand theory, from basic axioms on preferences to the statement of empirically testable empirical predictions. We will explore the origins of concepts introduced in lower level microeconomics courses and pursue a deeper understanding of their implications for consumer behavior and demand systems. Although the main topic of the course is consumer demand and behavior, it is important to keep in mind that our principal objective is primarily methodological, proceeding through the formal process of developing a consistent economic theory. As such, the course has a strong methodological component.

It is important to emphasize that this is a course on theory, and that the level of discussion will be advanced (hence the name of the course!). Students should be prepared for an exhaustive mathematical treatment and analysis of consumer choices. Pre-requisites are essential and are not normally waived.

**Lecture Topics**

1. Mathematical preliminaries: Sets, Functions and Optimization
  - G&R Mathematical Appendices
2. Consumer Theory (G&R Ch. 1,2,3, and possibly 4)
  - 2.1 Basic Axioms of Preferences and Choices
  - 2.2 Preferences and Existence of Utility Functions
  - 2.3 The Consumer's Utility Maximization Problem
  - 2.4 Indirect Utility and Marshallian Demand
  - 2.5 The Consumer's Expenditure Minimization Problem
  - 2.6 Expenditure Functions and Hicksian Demand
  - 2.7 Duality and Equilibrium Equivalence
  - 2.8 Consumer Surplus Measures - the Foundation of Benefit Cost Analysis
  - 2.9 Slutsky Matrix and Theoretical Predictions
3. Choice under uncertainty (G&R Ch. 17 and 19)
  - 3.1 Axioms of Choice under Uncertainty
  - 3.2 Expected Utility Functions
  - 3.3 Risk Preferences
  - 3.4 Risk and Insurance
4. Game theory and mechanism design (as time allows)

## Notes and Textbook

The course Brightspace site will be populated with extensive lecture notes that will form the core of the course. In the past, I have not asked students to purchase a standard text, mainly because this course covers a small portion of the material typically presented in a book at this level and it seemed wasteful to ask students to purchase an entire textbook. However, my preferred text for this course: *Hugh Gravelle and Ray Rees, Microeconomics, Third Edition*. It is one of the more accessible advanced micro textbook. It will also be a long lasting reference book if you go on to do graduate work in economics. It is recommended that you obtain a copy.

This material is also covered in all advanced microeconomics texts and students will find it useful to consult any of the references below for a different presentation of the course material.

Jehle, G.A. and P. Reny, *Advanced Microeconomic Theory* - 2nd Edition. (2000)

Silverberg, E., *the Structure of Economics: a Mathematical Analysis*. (1990)

Varian, H.R., *Microeconomic Analysis*. (1992)

Kreps, D., *Microeconomics* (1990)

## **Grading**

4-5 Assignments	15%
Mid-term exam (October 21)	30%
Final Exam (Covers the entire semester):	55%

All components of the course are mandatory. **However, in order to obtain a passing grade for the course as a whole, a student must obtain a minimum grade of 50% on cumulative exam scores (ie, obtain a minimum of 42.5 of the 85% total weight of the two exams).**

Grading Scale:

A+	A	A-	B+	B	B-	C+	C	D	F or N
90-100	85-89	80-84	77-79	73-76	70-72	65-69	60-64	50-59	0-49

Students should review the University's more detailed [summary of grading](#).

## **Course Policies**

This course adheres to the [Undergraduate Course Policies](#) of the Department of Economics. The following policies are explicitly included because of their importance.

## **Examinations**

Participation online for all scheduled examinations is mandatory. Consideration for missed examinations will be given only on the basis of documented illness, accident or family affliction, and for no other reasons. In the event of a missed final examination, students are advised to follow the procedures outlined in the [University Calendar](#).

Students are advised not to make work or travel plans until after the examination timetable has been finalized. Students who wish to finalize their travel plans at an earlier date should book flights that depart after the end of the examination period. There will be no special accommodation if travel plans conflict with the examination.

## **Waitlist Policies**

- Instructors have no discretion to admit waitlisted students or raise the cap on the course.
- Registered students who decide not to take the course are responsible for dropping the course, and are urged to do so promptly out of courtesy toward waitlisted students.
- Waitlist offers cease after the last date for adding courses irrespective of published waitlists.

### **Academic Integrity**

Academic integrity requires commitment to the values of honesty, trust, fairness, respect, and responsibility. Students are expected to observe the same standards of scholarly integrity as their academic and professional counterparts. A student who is found to have engaged in unethical academic behaviour, including the practices described in the [Policy on Academic Integrity](#) in the University Calendar, is subject to penalty by the University.

Review [What is Plagiarism](#) for the definition of plagiarism. Note: Submitted work may be checked using plagiarism detection software.

### **Student Code of Conduct**

The Humanities, Science, and Social Sciences Faculties have adopted this [Student code of conduct](#). Please, review.

### **University Policy on Human Rights, Equity and Fairness**

The University is committed to promoting, providing and protecting a positive, supportive and safe learning and working environment for all its members.

See [General University Policies](#)

### **Accessibility & Health Resources**

#### **Centre for Accessible Learning**

Students with diverse learning styles and needs are welcome in this course. In particular, if you have a disability/health consideration that may require accommodations, you are free to approach me; however, you must register with the [Centre for Accessible Learning](#) (CAL) for formal arrangements to be made. The CAL staff are available by appointment to assess specific needs, provide referrals and arrange appropriate accommodations. The sooner you let us know your needs the quicker we can assist you in achieving your learning goals in this course.

[Health Services](#) - University Health Services (UHS) provides a full service primary health clinic for students, and coordinates healthy student and campus initiatives.

[Support Connect](#) - a 24/7 mental health support service for students

- Toll-free (calls from North America): 1-844-773-1427
- International collect calls: 1-250-999-7621

[Counselling Services](#) - Counselling Services can help you make the most of your university experience. They offer free professional, confidential, inclusive support to currently registered UVic students.

[Elders' Voices](#) - The Office of Indigenous Academic and Community Engagement (IACE) has the privilege of assembling a group of Elders from local communities to guide students, staff, faculty and administration in Indigenous ways of knowing and being.

### **Brightspace**

- *Brightspace* is used extensively for the course. All students are expected to be fully functional with the system.
- The lecture notes will be posted in *Brightspace*. Please note that the lecture notes online are only outlines of the actual lectures.
- All announcements will be posted in *Brightspace*. Students are advised to check it frequently.

### **Course Experience Survey (CES)**

I value your feedback on this course. Towards the end of term you will have the opportunity to complete a confidential course experience survey (CES) regarding your learning experience. The survey is vital to providing feedback to me regarding the course and my teaching, as well as to help the department improve the overall program for students in the future.

When it is time for you to complete the survey, you will receive an email inviting you to do so. If you do not receive an email invitation, you can go directly to the [CES log-in](#). You will use your UVic NetLink ID to access the survey, which can be completed on your laptop, tablet or mobile device. I will remind you nearer the time, but please be thinking about this important activity, especially the following three questions, during the course.

- What strengths did your **instructor** demonstrate that helped you learn in this course?
- Please provide specific suggestions as to how the **instructor** could have helped you learn more effectively.
- Please provide specific suggestions as to how this **course** could be improved.

### **Repeating Courses**

Be aware of the policy regarding the repeating of courses; see [University Calendar](#).

In order to request permission to attempt this course for the third time, you must follow the instructions provided under the [Repeating Courses](#) policy on the Economics website. Failure to obtain permission will result in deregistration from the course.

### **E-mail correspondence**

Emails should be limited to critical matters, such as inability to attend class, an exam, or prolonged illness, and should include the course name and number in the subject line. Questions on course material should be asked during office hours or in class. The standard format for writing a letter must be used. This means it should begin with a salutation (e.g. Dear....), include full sentences and it must conclude with a signature that includes your **full name and V#**. Text message lingo should not be used.

### **Sexualized Violence Prevention & Response**

UVic takes sexualized violence seriously, and has raised the bar for what is considered acceptable behaviour. Students are encouraged to learn more about how the university defines sexualized violence and its overall approach by visiting [www.uvic.ca/svp](http://www.uvic.ca/svp). If you or someone you know has been impacted by sexualized violence and needs information, advice, and/or support please contact the sexualized violence resource office in Equity and Human Rights (EQHR). Contact [svpcoordinator@uvic.ca](mailto:svpcoordinator@uvic.ca).

### **UVic Land Acknowledgement**

*We acknowledge with respect the Lekwungen peoples on whose traditional territory the University of Victoria stands, and the Songhees, Esquimalt and WSÁNEĆ peoples whose historical relationships with the land continue to this day.*