

ECON\*3710 Advanced Microeconomics  
Instructor: M. Hoy

Winter 2012

**DEPARTMENT OF ECONOMICS AND FINANCE**  
**College of Management and Economics**

**ECON\*3710 Advanced Microeconomics** (Winter 2012)

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Office Hours (tentative): Tuesdays and Thursdays 3:00 to 4:30 (or by arrangement)

E-mail: [mhoy@uoguelph.ca](mailto:mhoy@uoguelph.ca) (**NOTE:** You **MUST** include the course number or name in the subject heading of any e-mail you send me or I may inadvertently delete it without opening it.)

It is your responsibility as a student to be aware of and to abide by the University's policies regarding academic misconduct, e-mail communication, maintaining copies of out-of class assignments, what to do when you cannot meet a course requirement and the drop date for this semester. To better understand these policies, visit:

<http://www.economics.uoguelph.ca/student-responsibilities-policies>

## **Course Outline**

### **Course Description:**

This course provides an in-depth mathematical treatment of consumer and producer theory, and concludes with general equilibrium and welfare economics. The course material gives you a basic background in microeconomics that is extremely useful in 4th year economics courses. It also provides you with the ability to understand the issues involved in allocating resources in society, and allows you to appreciate the complexity of those issues.

### **Prerequisites**

ECON\*2310 and ECON\*2770: These are important prerequisites and the material from these courses should be reviewed as necessary.

## **Very Important Note**

It is not possible to schedule a separate time for the exam due to conflicts with other exams or holiday plans. Therefore, make sure you find the date and time for the final exam and make sure you can make this time!

**Course Evaluations.** You will be asked to complete an evaluation of this course at some time during the last two weeks of the semester. The Department of Economics policy regarding the conduct and use of these evaluations will be found at:

<http://www.economics.uoguelph.ca/course-evaluation.asp>

**Grading Scheme:**

Assignments (see below):	10%
Quizzes (in labs, best 2 of 3):	20%
Midterm (in class – March 3)	<u>30%</u>
Term Work (subtotal)	60%
Final Exam <b>Apr. 16<sup>th</sup>, 7-9 pm</b>	<u>40%</u>
Total	100%

**NOTES**

(1) All dates are tentative (but highly probable).

(2) There will be **four** assignments handed out and for each assignment I will randomly choose one or more questions that will be graded. Your overall assignment grade will be based on the best three of four assignment grades, each making up 3 points. If you make an honest attempt at all four assignments – which means trying full solutions to each question – you will receive an extra point. Hence, your assignment grades in total represent 10% of the weight of your final grade.

(3) The quizzes will take place in your respective labs in week 3 (January 25, 27), week 5 (February 8, 10), and week 10 (March 21, 23). The questions in the quizzes will be based on the previous assignment handed in and the particular question will be chosen randomly. So there will be no advantage to writing the midterm in the Friday timeslot. ***If you cannot write a quiz in your scheduled lab and want to write it in the other lab time, then you must have my permission to do so.*** Each quiz is worth 10% weight towards the final and the best two marks will be used to compute your total quiz grade. Hence the total weight of your quiz grades will represent 20% of your final grade.

(4) If your final exam grade is higher than your term grade (in percentage terms), then the weights will change to 70% on the final exam and 30% for term work. But it is not usual for a student to do better on the final exam than his/her term work. Please check you final exam date from the information provided by the registrar's office.

**Textbook (required)**

***Microeconomic Theory: Basic Principles and Extensions***, 11th edition, W. Nicholson and C. Snyder, South-Western CENAGE Learning, 2012.

Note: The 10<sup>th</sup> edition is quite similar to the 11<sup>th</sup> edition and so if you are willing to note the differences between this previous edition and the current one, you may use it. But it is your responsibility to determine the differences (e.g., page numbers, etc.).

### **IMPORTANT ADVICE**

1. To succeed in this course you need to attend lectures and labs, work carefully through the text book, do the assigned exercises (including those not handed in for grading) and, when necessary, do appropriate review of material from the prerequisite courses ECON\*2310 and ECON\*2770. The most important review material for the first part of the course is listed below. The first quiz will be based on the exercises from Chapters 5, 6, and 11 that are indicated below.

### **Mathematics Review:**

Although all of the material from the courses **ECON\*2770 Introductory Mathematical Economics** is important background to this course, those sections that are most relevant to the development of microeconomic models used in this course are covered in Chapters 5, 6, 11, 12, 13 and 14 of the text *Mathematics for Economics*, 3<sup>rd</sup> ed. by Hoy, Livernois, McKenna, Rees and Stengos (MIT Press, 2011). The Review Questions below serve as a self-test for you to determine whether you need to review this material. If you have any concern that your mathematics background is too weak for this course, ***TRY THESE QUESTIONS!*** If you have any difficulties with these questions you should immediately begin reviewing the relevant material. There are solutions to all of these exercises in the **Student Solutions Manual** which accompanies the text.

Relevant review exercises from **Mathematics for Economics, 3<sup>rd</sup> ed.**, by Hoy, et al.:

**Chapter 5:** Review Exercises (pp. 192-193): numbers 3, 5, 7, 9

**Chapter 6:** Review Exercises (pp. 230-232): numbers 3 (pick a few), 5, 9

**Chapter 11:** Review Exercises (pp. 471-472): numbers 1, 3, 9

**Chapter 12:** Review Exercises (pp. 500-501): numbers 1 (pick a few), 5

**Chapter 13:** Exercises to Section 13.1 (pp. 515-516): numbers 1 (pick a few), 5, 7

**Chapter 14:** I will discuss the methods of comparative statics and provide relevant examples in the course.

### ***TENTATIVE OUTLINE AND READINGS***

*There will be additions to and possibly deletions from the readings below.*

### **1. Introduction and Review**

Nicholson, Ch. 1, 2. (You should review this carefully to ensure that you understand this material.)

### **2. Consumer Behaviour and Demand Theory**

Nicholson, Ch. 3, 4, 5, 6.

### **3. Firm Behaviour and the Theory of Supply**

Nicholson, Ch. 9, 10, 11.

### **4. Market Equilibrium under Perfect Competition**

Nicholson, Ch.12.

### **5. General Equilibrium and Welfare Economics**

Nicholson, Ch.13.

### **6. Choice under Uncertainty and Information Economics**

Nicholson, Ch. 7, 8.

### **7. Market Imperfections**

Nicholson, Ch 18, 19.