

Oregon State University

**Advanced Microeconomic Theory:
Production and Consumption**

AREC/ECON 612, Winter 2008

Syllabus

- Instructor:** Steven Buccola
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Ballard Hall, Room 240D
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- Class Hours:** Tu Th 2:00 – 3:50
- Class Location:** Ballard 118
- Office Hours:** MW 3:00 – 5:00
- Prerequisites:** AREC/ECON 512 and 513 or equivalents
AREC/ECON 611
MTH 254
- Objectives:** To examine at a rigorous level the microeconomic theory of consumer and producer behavior, with emphasis on duality.
- Grading:** Two midterm exams
Final exam
Weekly problem sets
- Course Credits:** Four

Required Text:

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

Supplementary Texts:

Chambers, R.G. *Applied Production Analysis: A Dual Approach*.
Cambridge University Press, 1988.
Call number: **HB241 . C452 . 1988**

Fare, R., and D. Primont. *Multi-Output Production and Duality: Theory
and Application*. Kluwer Academic Publishers, 1995.
Call number: **HB241 . F3354 . 1995**

Varian, H. *Microeconomic Analysis* (3rd Edition). New York: W. W.
Norton and Co., 1992.
Call number: **HB172 . V35 . 1984**

The supplementary texts are on 2-hour-checkout reserve in Valley Library. The library has only the 2nd edition of Varian's text. A copy of the 3rd edition is available in my office.

See Lecture Outline on next page.

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Lecture Outline

I. Theory of the Consumer

- A. Preference relations and choice rules (Chpt. 1)
- B. Consumer choice under consistency restrictions (Chpt. 2)
- C. Consumer choice under rationality restrictions (Chpt. 3)
- D. Dualities among consumer optimizations (Chpt. 3)
- E. Welfare (Chpt. 3)

II. Theory of the Producer (Chpt. 5)

- A. Technology structure: production sets
- B. Technology structure: distance functions
- C. Profit function and its duals
- D. Revenue function and its duals
- E. Cost function and its duals

III. Aggregation and Partial Equilibrium

- A. Aggregate consumer demand (Chpt. 4)
 - (i) under rationality
 - (ii) under consistency
- B. Aggregate producer supply and factor demand (Chpt. 4)
 - (i) unrestricted case
 - (ii) restricted inputs or outputs
- C. Partial equilibrium (Chpt. 10)
 - (i) pareto optimality
 - (ii) partial equilibrium and supply-demand independence

IV. Choice Under Uncertainty (Chpt. 6)

- A. Expected utility theorem
- B. Risk aversion and certainty equivalence