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**ECO 2060H1F**  
**Economic Theory – Micro (MA)**

**University of Toronto**  
**Department of Economics**

**2013**

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### Course Objectives

This is a graduate-level course in microeconomic theory. There are several objectives:

- It is designed to bridge the gap between graduate courses and the various levels of economics background of a diverse class of MA students, ranging from intermediate microeconomics to near PhD-level theory.
- The coverage of theory is primarily “applied,” and tailored to support MA students in the other courses in their program: field courses at U of T frequently have a mix of PhD and MA students, and the microeconomics learned in MA Micro will help students participate fully in the field courses.
- After completing this course students should be able to critically read the “theory sections” of most papers in “applied research” in economics, in support of careers as professional economists, inside and outside academia.
- Similarly, the course is excellent preparation for future PhD studies in economics, where students will have an opportunity to more rigorously study the foundations of microeconomic theory.

### Instructors

#### *First Half (September 10 through October 22)*

Instructor: Professor Dwayne Benjamin, [dwayne.benjamin@utoronto.ca](mailto:dwayne.benjamin@utoronto.ca)  
Office hours: Tuesdays, 4:30 to 5:30pm (“drop in”)  
Tuesdays, 5:30 to 6:30 pm (by appointment only)  
Appointments can easily be made through: <https://www.timetrade.com/book/9BTRK>  
Office: Department of Economics, #168

#### *Second Half (October 23 through December Final Exam)*

Instructor: Professor Yosh Halberstam, [yosh.halberstam@utoronto.ca](mailto:yosh.halberstam@utoronto.ca)  
Office hours: Tuesdays, 4:30 to 5:30pm  
Thursdays, 4:30 to 5:30 pm  
Office: Department of Economics, #311

*Teaching Assistant:* Graham Beattie, [graham.beattie@utoronto.ca](mailto:graham.beattie@utoronto.ca)

## Time and Place

Tuesdays: 9:10am to 11:00am, AB107  
Thursdays: 9:10am to 11:00am, AB107

We provide a detailed schedule below, but we typically have regular lectures three days out of four, with a tutorial on the fourth day. Tutorials will be primarily used for taking up problem sets, but the course TA (Graham Beattie) is also willing to discuss other topics, as long as he is given several days notice. He will also be holding regular office hours.

## Communications

There is a Blackboard website for the course. Please check it periodically for announcements, handouts, etc. Email is not an appropriate medium for discussing course content, and should be limited to logistical questions about the course. Questions about course content are better addressed during class or office hours.

## Readings

Given the nature of the course, there is unfortunately no single textbook that we feel comfortable requiring. Instead, there are several excellent books, a combination of which will cover most of the material:

- *Microeconomic Analysis*, by H. Varian, W.W. Norton.
- *Economics and Consumer Behavior*, A. Deaton and J. Muellbauer, Cambridge University Press
- *An Introduction to Game Theory*, by M. Osborne, Oxford University Press.
- *Game Theory for Applied Economists*, by R. Gibbons, Princeton University Press.
- *Advanced Microeconomic Theory*, by G. Jehle and P. Reny, Addison Wesley.
- *Microeconomic Theory*, by A. Mas-Colell, M. Whinston and J. Green, Oxford University Press.

The “most recommended” book is Varian, as this is used in both halves of the course. It is also a well-established (“classic”) graduate micro book, so if you purchased only one book, this would be an excellent choice. For the first part of the course, Deaton and Muellbauer is an outstanding supplement for consumer theory, while for the second part, either of the game theory books (Osborne or Gibbons) would be an excellent companion. The other books are modern, encyclopaedic, PhD-level texts in micro theory.

## Evaluation

The grade is based on the following:

Task	Weight	Due Date(s)
Problem Sets	20%	<ul style="list-style-type: none"><li>• Problem Set 1, September 26</li><li>• Problem Set 2, October 10</li><li>• Problem Set 3, November 7</li><li>• Problem Set 4, November 26</li></ul>
Mid-Term Exam	40%	<ul style="list-style-type: none"><li>• Tuesday, October 22 (in class)</li></ul>
Final Exam	40%	<ul style="list-style-type: none"><li>• During December Exam Period</li></ul>

**Problem Sets:** There will be four problem sets, each worth 5% of the final grade. These are due in class on the specified dates. In case of illness, problem sets may be submitted to the TA by email. Late problem sets will not be accepted. We encourage you to work together. However, each student must submit their own answers, with explanations in their own words. We also request that you indicate which students you worked with (if any).

**Mid-Term and Final Exams:** There are two exams in the course. The first test covers material taught in the first half (by Dwayne Benjamin), while the final exam covers material from the second half (taught by Yosh Halberstam). Both tests will be closed book.

## Planned Coverage

The first half of the course focuses on consumer theory, and the foundations of “supply and demand”: Consumers (individuals) doing the best they can, taking prices as given. More details on suggested reading will be provided as the course progresses.

- Consumer choice and the theory of demand
- Extensions to consumer theory and welfare
- Uncertainty
- Exchange (time permitting)
- Producer Theory (time permitting)

The second half focuses on deviations from the neoclassical supply and demand framework, exploring consequences of, and methods for, modelling imperfect competition and strategic behaviour, and imperfect information:

- Aggregation
- Game theory
- Information

## Schedule

Week	Tuesday	Thursday
1	Sept. 10: Lecture 1 (DB)	Sept. 12: Lecture 2 (DB)
2	Sept. 17: Lecture 3 (DB)	Sept. 19: Tutorial 1
3	Sept. 24: Lecture 4 (DB)	Sept. 26: Lecture 5 (DB) [Pset 1 Due]
4	Oct. 1: Lecture 6 (DB)	Oct. 3: Tutorial 2
5	Oct. 8: Lecture 7 (DB)	Oct. 10: Lecture 8 (DB) [Pset 2 Due]
6	Oct. 15: Lecture 9 (DB)	Oct. 17: Tutorial 3
7	<b>Oct. 22 (Mid-Term Exam)</b>	Oct. 24: Lecture 1 (YH)
8	Oct. 29: Lecture 2 (YH)	Oct. 31: Lecture 3 (YH)
9	Nov. 5: Tutorial 4	Nov. 7: Lecture 4 (YH) [Pset 3 Due]
10	<b>Nov. 12: No Class (Break)</b>	Nov. 14: Lecture 5 (YH)
11	Nov. 19: Lecture 6 (YH)	Nov. 21: Tutorial 5
12	Nov. 26: Lecture 7 (YH) [Pset 4 Due]	Nov. 28: Lecture 8 (YH)
13	Dec. 3: Tutorial 6	