OREGON STATE UNIVERSITY
GRADUATE PROGRAM IN APPLIED ECONOMICS

AEC 611: Advanced Microeconomic Theory I
Fall term, 4 credits

Course Description
A rigorous treatment of the microeconomic theory of consumer and producer behavior, with emphasis on duality.

Objectives
To examine, at a rigorous level:
- The microeconomic theory of consumer and producer behavior
- Representative applications of the theory to important real-world problems

Learning Outcomes
Students completing this class successfully will be:
- Familiar with the advanced theory of production and consumption economics, and its invariance to aggregate settings.
- Able to explain all major aspects of the theory in set, function, graphical, and English terms.
- Able to express the intuition of the theory.
- Able to solve representative problems in the theory and understand its applicability to real-world problems

Prerequisites
Math 254, AEC 512, AEC 513 or equivalents.

Course Structure
Lecture twice weekly, 110 minutes each

Textbooks

Required:

Supplementary:


Course Content

I. Theory of the Consumer (40%)
   A. Preference relations and choice rules
   B. Consumer choice under consistency restrictions
   C. Consumer choice under rationality restrictions
   D. Dualities among consumer optimizations
   E. Welfare measures

II. Applications of Consumer Theory (10%)
   A. Use of Hicksian demands and indirect utility in policy analysis
   B. Estimating and testing Hicksian demands and indirect utility with the Almost Ideal Demand system

III. Theory of the Producer (40%)
   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

IV. Applications of Producer Theory (10%)
   A. Use of cost functions and technology assessment in policy analysis
   B. Estimating and testing cost functions and technology structures with flexible functional forms.

Course requirements:

Weekly problem sets, ungraded
Two midterms, 30% each
Final exam, 40%
Students with Disabilities:
Accommodations are collaborative efforts between students, faculty and Services for Students with Disabilities (SSD). Students with accommodations approved through SSD are responsible for contacting the faculty member in charge of the course prior to or during the first week of the term to discuss accommodations. Students who believe they are eligible for accommodations but who have not yet obtained approval through SSD should contact SSD immediately at 737-4098.

Expectations for Student Conduct (cheating policies):
Oregon State University defines academic dishonesty as: “An intentional act of deception in which a student seeks to claim credit for the work or effort of another person or uses unauthorized materials or fabricated information in any academic work.” Academic dishonesty includes: Cheating, Fabrication, Assisting, Tampering, Plagiarism. More information, including the process by which academic dishonesty cases are handled, is available at: http://oregonstate.edu/admin/stucon/achon.htm