ABIZ 7940 PRODUCTION ECONOMICS
Winter 2023

Instructor
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Office hours: Online, by appointment

Course Description
The course surveys several microeconomic models. The following are emphasized: (1) a rigorous treatment of the models using duality; (2) a critical understanding of the limitations and possibilities for generalizing the models; and (3) relevance of the models for econometric research.

Prerequisites: a graduate or undergraduate honors course in microeconomics; a rigorous first course in econometrics; calculus; or consent of instructor.

Course Material
There is no textbook for the course. Detailed lecture notes will be available on UMLearn for most topics. However, if you would like to get textbooks, the following ones are recommended:


Grading
Midterm Exam 30%
Final Exam 35%
Term paper 35%
**Term Paper**

The term paper can be any original applied or theoretical study that you can justify as being broadly related to the content of this course. For the term paper, you can present an econometric study, an empirical study not using econometrics, or a theoretical study. In your paper include a clear statement of: (1) any policy issues that you are addressing; (2) how your study relates to other studies attempting to address these issues; (3) the behavioral or econometric model that you are employing and why you chose it over alternative models. If you are doing an econometric study: explain your methodology for specifying and estimating the regression model and testing relevant hypotheses, explain results, and provide a candid assessment of limitations of your study and how future research might try to address these.

**Academic Integrity**

Please see the University General Calendar for policies regarding plagiarism and cheating: https://umanitoba.ca/student/resource/student_advocacy/cheating_plagiarism_fraud.html

During online exams, each student must complete the exam independently – any discussion with others (or use of service in answering exams) will be considered as plagiarism and cheating.
Course Outline and Reading List

1. Static Cost Minimization
   Varian, 1992, Ch. 1,4,5,6
   Chambers, 1988, Ch. 2,3

2. Static Profit Maximization
   Varian, 1992, Ch. 2,3
   Chambers, 1988, Ch. 4

3. Static Utility Maximization and Expenditure Constraints
   Varian, 1992, Ch.7,8

4. Nonlinear Statis Duality Theory

5. Functional Forms for Static Optimising Models
   Varian, 1992, Ch.12
   Chambers, 1988, Ch. 5

6. Aggregation Across Agents in Static Models
   Deaton and Muellbauer, 1980, Ch.6
   Chambers, 1988, Ch. 5.6 - 5.9

7. Aggregation Across Commodities: Non-Index Number Approaches

8. Index Numbers and Flexible Functional Forms

9. Models of Technical Change
   Chambers, 1988, Ch. 6

11. Production Models with Uncertainty
Varian, 1992, Ch.11

12. Comparative Dynamics: An Introduction and the Primal-Dual Approach