

McGill University
Department of Economics
ECON 452- Advanced Economic Theory
Fall 2024
W: 8:35-11:25
[BIRKS 205](#)

Professor: H. Benchekroun
Office: Leacock 316
E-mail: hassan.benchekroun@mcgill.ca
Office Hours: W 11:30-12:30 or by appointment.
TA: Harpreet Singh
Office Hours: TBD
Course Prerequisites: 250 D1/D2 and 352 D1/D2

Objectives: We cover selected topics related to market failures. An important part of the term will be dedicated to topics related to economic theory and climate change and economic theory and the management of resources in general. We first cover an introduction to social choice and welfare, then elements of market power, externalities and public good games. We then cover necessary technical tools to handle the case of pollutants with long lasting effects (stock pollutants) and resource regeneration. The applications will include (depending on time) (i) renewable and non-renewable resource extraction under different market structures (ii) implications of environmental regulation (iii) transboundary pollution games and (iv) international environmental agreements. Depending on time topics, related to market power and network games will also be covered.

Tentative outline

1. Introduction to social choice
2. Externalities and public goods
3. Resources and environmental systems
4. Optimal management of environmental and other natural resources
5. Strategic behavior and stock externalities
6. Market power

Tentative list of specific topics to be covered

Voting rules
Social norms and resource management
Regulation of externalities: taxes, quotas, permits
Some mechanisms for public good games
Cooperation in public good games
Transboundary pollution games
Nonrenewable resource extraction
Water extraction and strategic behavior
International Environmental Agreements (IEAs)

Textbook References:

“Fair Division and Collective Welfare” by H. Moulin (2003) HB846 M68 2003
“A course in environmental economics: theory, policy, and practice” by Phaneuf and Requate (2017) HC79 E5 P5125 2017
“Microeconomic Theory” by Mas-Colell, Whinston and Green (1995) MWG, HB172 M6247 1995
“Differential Games in Economics and Management” by Dockner, Jorgensen, Long and Sorger (2000) HB144 D53 2000
“Natural Resource Economics” by Conrad and Rondeau (2020) HC59.15 C655 2020
“Optimal Control Theory and Static Optimization in Economics” by Daniel Léonard and Ngo Van Long (1992) LL HB143.7 L46 1992

Other related references

“Advanced Microeconomic Theory: An Intuitive Approach with Examples”, by Felix Munoz Garcia (2017) HB172 M86 2017
“Advanced Microeconomic Theory” 3rd edition, by Jehle and Reny (2011) HB172 J44 2011; second edition available as ebook
“A Survey of Dynamic Games in Economics” by Ngo Van Long (2010) Ebook
“Oligopoly, the environment and natural resources” by Lambertini (2013) HD2757.3 L36 2013
“Handbook of Dynamic Game Theory” by Basar and Zaccour (2020)

The slides posted on MyCourses will indicate the chapter(s) from the reference lists that are used for each topic. The material for some topics will be drawn from published papers that will be posted on MyCourses.

Course Evaluation:

Presentation 5% TBD.

2 Midterm exam 15% each (tentative dates: 25 Sep and Nov 13).

Final Exam 65% During final exam period.

If you miss a midterm exam, its weight will be added to the final exam’s weight.

Required official statements:

- McGill University values academic integrity. Therefore, all students must understand the meaning and consequences of cheating, plagiarism and other academic offences under the Code of Student Conduct and Disciplinary Procedures (see www.mcgill.ca/integrity for further information).
- According to Senate regulations, instructors are not permitted to make special arrangements for final exams. Please consult the calendar, section 4.7.2.1, General University Information and Regulations, at www.mcgill.ca.
- In accord with McGill University's Charter of Students' Rights, students in this course have the right to submit in English or in French any written work that is to be graded.

EXTRAORDINARY CIRCUMSTANCES: “In the event of extraordinary circumstances beyond the control of McGill University, assessment tasks in a course are subject to change, provided students are sent adequate and timely communications regarding the change.”