

Economic Principles

Allievi Programme

Lecturers: Dino Gerardi and Esteban Jaimovich

Term: Spring Semester

Office Hours: TBA (at the beginning of the Autumn Term)

Requirements

Students are required to have good calculus knowledge and to be comfortable with mathematical arguments and concepts.

Outline and Syllabus

The course will provide a rigorous survey of microeconomic theory. The first half of the course (taught by Dino Gerardi) will examine the economic behaviour of consumers and firms. The second half (taught by Esteban Jaimovich) will be devoted to the study of partial equilibrium, market failures, general equilibrium and game theory.

I. Introduction.

II. Choice Under Certainty.

Preferences and Utility; The Consumer's Problem; Indirect Utility and Expenditure Functions; Properties of Consumer Demand; Revealed Preference.

III. Choice Under Uncertainty.

Objective Probability and Expected Utility; Subjective Probability; Risk Aversion.

IV. Theory of the Firm.

Production Functions; Cost Functions; Profit Maximisation.

V. Partial Equilibrium.

Perfect Competition; Equilibrium and Welfare.

VI. General Equilibrium.

The Edgeworth Box Exchange Economy; Exchange Economies; The Efficiency of Competitive Equilibria.

VII. Asymmetric Information, Market Failures and Game Theory.

Information Economics; Externalities; Public Goods; Concepts of Strategies and Nash Equilibrium.

Course Texts

Nicholson W. and Snyder C.: *Microeconomic Theory (Basic Principles and Extensions)*, 8th edition, South Western Educational Publ, ISBN 0324421621

Geoffrey Jehle and Philip Reny [JR]: *Advanced Microeconomic Theory*, 2nd edition, Addison Wesley Pub Co, 2001, ISBN 0321079167.