

Microeconomics I

Objective: The objective of the course is to cover the Arrow-Debreu model of consumer, producer, general equilibrium and welfare in a rigorous way. This will build upon the undergraduate knowledge in Micro economic theory and give an advanced treatment of micro theoretic tools done in most good universities in the world.

Topics:

1. CONSUMER THEORY

- a. Axiomatic Foundation of Utility Analysis
- b. Comparative Static Results
- c. Duality
- d. Revealed Preference
- e. Measurement of Welfare Change
- f. Consumer choice under uncertainty

2. PRODUCER THEORY

- a. Technology
- b. Profit Maximisation of a competitive firm
- c. Cost minimisation
- d. Duality
- e. Efficiency

3. General Equilibrium

- a. Concept of Walrasian equilibrium, Walras' law
- b. Problem of existence, uniqueness and stability of competitive equilibrium
- c. Core of an exchange economy

4. Welfare Economics

- a. Conditions for Pareto optimality under exchange and with production
- b. The two welfare theorems
- c. Compensation criteria
- d. Social welfare functions and Arrow impossibility theorem

Readings:

Core Texts

1. G. Jehle and P. Reny (2004): Advanced Microeconomic Theory, Pearson, 2nd edition.
2. H. Varian (1992): Microeconomic Analysis, Norton, 3rd edition.

3. A. Mascolell, M. Whinston and J. Green (1995): *Microeconomic Theory*, Oxford University Press.
4. Allan Feldman and Roberto Serrano (2006): *Welfare Economics and Social Choice Theory*, Springer.