

## Syllabus – Microeconomics

Leopold Sögner, Masaryk University, Brno, winter-term 2015

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Title: *Microeconomics*

Lecturer: Leopold Sögner

Semester: Fall 2015

- First block: October 22-23; 2015
- Second block: November 19-20, 2015.
- Third block: December 17-18, 2015.

Contact hours (per semester): 12 units à 90 minutes

Prerequisites: Knowledge of constrained optimization

### **Learning objectives:**

This micro course covers key concepts of microeconomic theory on a PhD level. In this course students acquire a basic understanding of microeconomic concepts. In addition the students get familiar with the analytical tools used in microeconomics.

### **Content:**

1. Decision theory and the theory of the consumer.
  - Rationality, preference primitives and axioms, preference representations and utility (MWG 1-3, GR 2A-B).
  - Utility maximization, Walrasian demand and comparative statics (MWG, 2, 3D, GR 2C-D).
  - Indirect utility, expenditure function, Hicksian demand (MWG 3E,G, GR 3A).
  - Slutsky equation, substitution and wealth effect (MWG 3 G, GR 3B).
2. Production and cost.
  - Production functions, returns to scale (GR 5).
  - Production set (MWG 5 B)
  - Cost minimization, conditional factor demands, cost function (MWG 5 C, GR 6.A,B,E).
  - Profit maximization, input demands, profit function, objectives of the firm (MWG 5 C,G, GR 7.A,C,D).

3. General Equilibrium
  - Introduction, Walrasian equilibrium (MWG 15, GR 12.A-D).
  - The Edgeworth box (MWG 15B, GR 12.E).
  - Welfare theorems (MWG16 A-D, GR 13).
4. Decisions under uncertainty:
  - Expected utility theorem, risk aversion (MWG 6A-C, GR 17 A-D)

Language of instruction: English

**Literature:**

Mas-Colell, A., Whinston, M.D., Green, J.R., Microeconomic Theory, Oxford University Press 1995.

Gravelle, H. Rens, R., Microeconomics, 3<sup>rd</sup> edition, Pearson education Ltd., Essex, 2004.

Additional literature:

Jehle G.A. and P. J. Reny, Advanced Microeconomic Theory, Addison-Wesley Series in Economics, Longman, Amsterdam, 2000.

Gilboa, I., Theory of Decision under Uncertainty, Cambridge University Press, 2009.

**Mode of examination:** Final test, tba. class participation.

Grading: max. 20% in the practice session: 80% for the final.

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