

PhD Course: Microeconomics

Markus Walzl*

Winter 2013-14

Objectives

The course provides an in-depth discussion of key-concepts of microeconomic theory. Focusing on individual decision making (week 1) and equilibrium theory (week 2), central theoretical concepts and proof techniques of modern microeconomics will be discussed and applied. Students will acquire a working-knowledge of these concepts and techniques such that main branches of the contemporary literature on microeconomics will become accessible.

Teaching mode

Classes will be given by

- Markus Walzl, Professor of Economics, markus.walzl@uibk.ac.at, Office hours: Feel free to contact him right after class or make an appointment via email.

Tutorials will be offered by

- Christopher Kah, christopher.kah@uibk.ac.at, Office hours: Feel free to contact him right after class or make an appointment via email.

Students are advised to read the literature indicated in the syllabus *in italics* as a preparation for a session. In particular, it will prove useful to become aware of instances where it is difficult to follow the presentation in the reader – this is not an uncommon experience when exposed to the theoretical literature. To make a joint effort to overcome these difficulties is the main objective of the class meetings where key concepts from the literature complemented by additional material are presented and discussed. Special emphasis is given to a step-by-step discussion of proofs and a thorough assessment of conceptual aspects. A group discussion of problem sets will be mainly delegated to the tutorials. Grading will be based on a midterm and a final exam with questions similar to the problem sets.

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Literature

Main references

- Rubinstein, A. (2012), Lecture Notes in Microeconomic Theory, Princeton University Press, available online.
- Mas-Colell, A., Whinston, M. und J. Green (MCWG), Microeconomic Theory, Oxford: Oxford University Press, 1995.

More references will be provided on the lecture slides and will be available on the OLaT page of the course.

Schedule

The lectures will be Mo-Fr from 9 to 12 in “Besprechungsraum FiWi”.

Session 1: Preferences (7-1-14)

- Eliciting preferences
- Rationality
- Literature: *Rubinstein Introduction and Lect. 1*; MCWG ch. 1 A-B

Session 2: Utility (8-1-14)

- Utility representation
- Continuous preferences
- Literature: *Rubinstein Lect. 2*

Session 3: Choice (9-1-14)

- Rational choice and rationalizability
- Weak axiom of revealed preference
- Psychological motives
- Literature: *Rubinstein Lect. 3*; MCWG ch. 1 C-D

Session 4: Consumption and demand (10-1-14)

- Consumer preferences
- Consumer choice
- Demand and rationalizability
- Literature: *Rubinstein Lect. 4-5*; MCWG ch. 3 A-D and 4

Session 5: Production (11-1-14)

- Review of production theory
- Literature: *Rubinstein Lect. 6*, p.82-87; MCWG ch. 3 F-J and 5

Session 6: Expected utility (20-1-14)

- Choices over Lotteries
- von Neumann-Morgenstern axiomatization
- Expected utility and its limits
- Literature: *Rubinstein Lect. 7*; MCWG ch. 6

Session 7: Perfect competition (21-1-14)

- Competitive equilibrium
- Partial equilibrium analysis
- Literature: *MCWG ch. 10 A-C*

Session 8: General equilibrium (22-1-14)

- Exchange economies
- Closed economies with production
- Equilibrium and welfare
- Literature: *MCWG ch. 15 A-C*; MCWG 16

Session 9: Fixed point theorems (23-1-14)

- Compactness, convexity, and continuity
- Brouwer's fixed point theorem
- Fixed points and equilibrium existence
- Literature: *Jehle and Reny (2011), Ch.A.1*

Session 10: Equilibrium properties (24-1-14)

- Equilibrium existence and uniqueness
- Stability of equilibrium
- Cooperative and non-cooperative foundations of equilibrium
- Equilibrium and social preferences
- Literature: Elements of MCWG ch. 17-18, Dufwenberg et al. (2012)