

12M002

6 ECTS

Foundations of Equilibrium Analysis

Overview and Objectives

The first part of the course covers the very basics of consumer theory under certainty and derives conditions under which aggregation can be done through a representative consumer. We then analyze choice under uncertainty and over time, followed by an introduction to strategic behavior with some macroeconomic applications.

The second part of the course is devoted to general equilibrium models and the pricing of risk and time. We study how several markets clear simultaneously and derive welfare properties under various market conditions. This leads naturally to applications in Financial Economics.

Course Outline

PART 1

Ch 1 Choice and Preferences

Ch 2 Demand Theory

Ch 3 Aggregation

Ch 4 Choice under Uncertainty and over Time

Ch 5 Game Theoretical Models of Strategic Behavior and Applications

PART 2

Ch 6 Equilibrium

Ch 7 Efficiency

Ch 8 Dynamics

Ch 9 Uncertainty

Ch 10 Market Failure

12M002

6 ECTS

Foundations of Equilibrium Analysis

Required Activities

Evaluation

The grade is based on a final exam and a series of problem sets.

Materials

Gollier, C. (2001), *The Economics of Risk and Time*, MIT Press.

Jehle, Reny (2001), *Advanced Microeconomic Theory*

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

Varian, H.R. (1992), *Microeconomic Analysis*