

# 14E021

## Microeconomics I

Term 1 - 6 ECTS

Mandatory Course

Prof. Joan de Martí

### Prerequisites to Enroll

None.

### Overview and Objectives

The first part of the course lays down the foundations of modern economic theory. We will start with classical theory of choice, applying it to consumer behavior, and extending the ideas to incorporate the notion of risk.

We are then going to transition from individual to collective well-being. This will include the study of efficiency in transferable utility models, the analysis of risk-sharing, and some classical results on social choice theory that show the difficulty of analyzing collective preferences.

In the final part of the course we are going to study market outcomes and whether they are efficient or not, as well as different instances of economic interactions with asymmetric information. The analysis is mainly going to focus on a partial equilibrium approach and it is going to include the study of imperfect competition models, externalities, principal-agent models and some elements of mechanism design.

Some sections of the course require tools from game theory. We are going to present these concepts as we proceed.

### Course Outline

1. Preferences and Utility
2. Application: Classical Demand
3. Risk
4. Efficiency.
5. Social Choice
6. Markets. Imperfect Competition and Externalities.
7. Asymmetric Information.
8. Mechanisms

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### Required Activities

There will be several problem sets that students must complete.

### Evaluation

30% problem sets and 70% final exam.

### Competences

- Ability to use the appropriate (statistical and numerical) techniques.
- Acquire a solid knowledge base for the study of quantitative issues.
- Ability to work with microeconomic analysis tools and their empirical and theoretical applications.

### Learning Outcomes

- Students must be able to recognize theories and present arguments with precise examples.
- Students will have the ability to understand how markets work and explain their weaknesses.

### Materials

The following books can be good references for different sections of the course:

Jehle, G. and P. Reny (2001), *Advanced Microeconomic Theory*, Addison Wesley.

Osborne, M.J. and Rubinstein, A. (2020) *Models in Microeconomic Theory*, OpenBook Publishers

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

Rubinstein, A. (2001), *Lecture Notes in Microeconomic Theory*, Princeton University Press.

Kreps, D. (1990), *A Course in Microeconomic Theory*, Princeton University Press.

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Varian, H. (1992), *Microeconomic Analysis*, W.W. Norton & Co, New York.

Macho-Stadler, I. and D. Pérez-Castrillo (2001), *An Introduction to the Economics of Information*, Oxford University Press

Martimort, D. and J.J. Laffont (2002), *The Economics of Incentives*, Princeton University Press.