

## Microeconomic Theory, Fall 2018

**Lecturer:** Péter Vida, vidapet@gmail.com

**Lectures:** Tuesdays and Wednesdays, ?, Room ? ESSEC

**Book:** Mas-Collel, A., Whinston, M. D., Green, J. R. (1995). Microeconomic Theory, Oxford University Press, New York, Oxford.

**Course Description:** We are going to cover Chapters 1,2,3,4 and 5 from Part One of Mas-Colell et al.. We start by discussing the preference and the choice based approach of individual decision making and their relation to one another (Chapter 1). Next, we turn to a market economy and study the properties of the consumer's Walrasian demand correspondence (Chapter 2). We state the weak axiom of revealed preferences, and study its implications on the consumer's demand such as the compensated law of demand and the negative semi-definiteness of the Slutsky matrix. Then we turn to Chapter 3 and study classical demand theory: utility maximization, expenditure minimization, relations of demand, indirect utility function and expenditure function, evaluation of welfare changes and the strong axiom of revealed preferences. Next we turn to Chapter 4, where the main focus is on the existence of a positive and normative representative consumer, the aggregation of individual demands and social welfare. Finally, we turn to Chapter 5 and study the production of a profit maximizing and cost minimizing firm.

**Requirements:** Problems will be given during the term and must be solved individually before their solution is discussed. A final exam will be held in October. The form of the retake exam depends on the number of the retakers. There are exercises, examples and problems in the book which cover the type of questions asked at the exam. Solution manuals are available online.