

ADVANCED MICROECONOMIC THEORY: DECISIONS AND MARKETS

Fall 2014

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Outline

In the course the students learn the core concepts and technical tools of microeconomics. Basic elements of decision theory are covered. The aim is to facilitate the student with the understanding of the key assumptions behind the theory, their main implications and limitations. The student will also learn the methods of solving rational choice problems, in particular in the context of a consumer and of a firm. The student understands the concept of the competitive equilibrium and can derive its key properties. Ability to model uncertainty and risk and to apply the modeling techniques to problems will also belong to the student's active skill set.

Required material

Lecture notes, which are rather self-contained, as well as the problem sets are posted at my website

- <http://www.mv.helsinki.fi/home/hvartiai/>

Textbook used in the course is

- "Advanced Microeconomic Theory" (3rd ed.), by Geoffrey Jehle and Philip Reny 2000, chapters 1 - 5

We also use the following text in the first part of the course

- "Lecture Notes in Microeconomic Theory: The Economic Agent", by Ariel Rubinstein, Princeton University Press 2004 (freely downloadable at <http://press.princeton.edu/rubinstein/>)

Place and time

2.9.-9.10.2014 on Tuesdays and Thursdays at 14-16 at Economicum, lecture room (Arkadiankatu 7)

Structure

The structure of the course is the following (Jehle-Reny=JR, Rubinstein=R):

Week 36: Choices, preferences, utilities (JR1.2-3, 2.3; R1-3)

Week 37: Consumer theory (JR 1.3-6; R4-6)

Week 38: Equilibrium: welfare results (JR4.1-3)

Week 39: General equilibrium: existence, core (JR5.1-2, 5.5)

Week 40: Choice under uncertainty (JR2.4, 5.4; R8-9)

Week 41: Production (JR3.1-5, 5.3; R7)

Problem sets

Exercises are arranged in weeks 38, 40 and 42 by PhD student Olena Izhak as follows:

- Group 1 on Mondays at 12-14 , place: TBA
- Group 2: on Mondays at 14-16 , place: University of Helsinki main building, auditorium XIV (Fabianinkatu 33)

Assessment

Final exam: 17.10.2014 at 9 - 12, PII (Porthania)

Second exam: 19.11.2014 at 9 - 12, PII (Porthania)