This course consists of two half courses that are separate courses from an administrative perspective. However, I teach the two of them as one intellectual unit. There are two aims to this course. One is to provide you with a set of results and tools that you can use in a wide range of different areas of economics, finance and related fields. The second is to teach you how to think and argue analytically in economics. Both are important.

The lecture notes I will post on Canvas define the course content. They contain the material that you are expected to know by the end of the semester.  This material is also covered in a text book, Microeconomic Theory by Andreu Mas-Colell, Michael Whinston and Jerry Green, Oxford University Press, ISBN: 9780195073409. It is in the library, and you can buy it but it is expensive and you don’t really need it. The lecture notes I will post on the web are quite comprehensive.

There are four topics to be covered this semester:

1. Consumer preferences and consumer behavior, individually and in aggregate: demand functions, Slutsky equation, Arrow’s theorem and the median voter theorem.
2. Firm behavior – profit maximization, supply functions, cost functions etc.
3. Choice under uncertainty: expected utility maximization and the theory of von Neumann and Morgenstern, expected utility maximization with subjective probabilities and the Savage framework, and choice under ambiguity when probabilities are not known, drawing on the work of Gilboa, Schmeidler, Klibanoff, Marinacci and Mukherji.
4. Market equilibrium – competitive equilibrium with private goods, public goods and Nash equilibria.

I will hand out problem sets roughly every two weeks, and you will then have one week to return these to the TA. We will return them to you and we will also give you the correct answers to the problems.

The overall grade will be based on problem sets, mid-term and final exams. 20% of the total grade is for the problem sets, 40% for the mid-term and 40% for the final.