

Syllabus

EC38008 Micro I

Stockholm University Fall 2024

Micro I is the first of two courses in microeconomics. The main objective of the course is to give students an understanding of the foundations of microeconomics, and to provide them with a set of useful tools for future research in all areas of economics. The method employed is to make assumptions about preferences, physical and financial constraints, and behavior to derive their implications. The course addresses the broad methodological topics of preference, utility, consumption theory, production theory, uncertainty, welfare, partial and general equilibrium theories.

Team

The lectures are taught by Jens Josephson (course director; jens.josephson@sbs.su.se) and Arash Nekoei (arash.nekoei@iies.su.se), both at Stockholm University. There are also six seminars. The first three seminars are taught by Kianoush Saeedi (kianoush.saeedi@su.se) and the last three by Ehsan Sabouri Kenari (ehsan.sabouri@su.se). In addition, there is an exam preparation session with Kianoush and Ehsan right before the exam. Anneli Eriksson (anneli.eriksson@su.se) is responsible for the course administration.

Examination

The examination consists of two components: a final exam worth 90% of the course grade, and six problem sets, together worth 10% of the course grade. Each problem set is graded either *Pass* or *Fail*. The final grade is awarded according to the following scale: *Fail*, *Pass*, or *Pass with distinction*. A retake exam is offered at the beginning of 2025.

Course literature

The most important references are listed below. A more detailed literature list for Arash's part of the course list will be posted in Athena.

Mas-Colell, A., Whinston, M. D., & Green, J. R. (1995). *Microeconomic theory*. Oxford university press. (MWG)

Rubinstein, A. (2024): *Lecture notes in Microeconomic Theory*. Unpublished manuscript that can be downloaded from: <https://arielrubinstein.tau.ac.il/>. (AR)

Salanié, B. (2000). *Microeconomics of market failures*. MIT Press. (BS)

Voorneveld, M. (2021): *Mathematical foundations of microeconomic theory: Preference, utility, and choice*, unpublished manuscript. (MV)

Outline of the course

There will be lectures on the following topics:

1. Introduction and preferences (Jens): MV 0-1, MWG 1.A-B, 2.A-C, 3.B, AR 0
2. Utility (Jens): MV 2, MWG 3.C
3. Choice (Jens): MV 3, MWG 1.C-D, 2.D, AR 3
4. Expected utility: (Jens): MV 7, MWG 6.A-B
5. Risk attitudes: (Jens) MV 8, MWG 6.C
6. Critique against expected utility (Jens): MV 9, MWG 6.B
7. Consumer choice (Arash): MWG 2-4
8. Producer choice (Arash): MWG 5
9. Partial Equilibrium and Welfare (Arash): MWG 10-11, BS 9-10
10. General equilibrium (Arash): MWG 15
11. General equilibrium and welfare (Arash): MWG 16-18, BS 1
12. General equilibrium with uncertainty and time (Arash): MWG 19-20
13. Welfare and incentives (Arash): MWG 21-23

Seminars

During the seminars, Kianoush and Ehsan will go through solutions to the problem sets. Individual solutions to the problem sets should be handed in one day before each seminar, either electronically, via Athena, or physically, to the assigned mailbox.

Extra problems

Solving problems is fundamental to learning the concepts in this course. Additional problems can be found in MV, MWG, and AR.

Tools for microeconomics

A 3-day mini course will be offered before the start of the course to help you brush up/learn some of the mathematical tools needed for the second part of Micro I.