

Microeconomics

Adopting a formal (i.e. mathematical) approach, the module deals with the foundations of economics, examining the behaviour of the two most basic agents of the economy, the consumer and the firm, their interaction in markets, and social decisions. The contents are: 1st Term: The consumer – preference and utility, demand functions, comparative statics, choice under uncertainty; the firm – production functions, production sets, profit maximization under perfect competition; markets – general equilibrium, the First and Second Fundamental Theorems of Welfare Economics. 2nd Term: social choice – Arrow's Impossibility Theorem, rights, mechanism design, bargaining and cooperative solution concepts.

The course emphasises the formal derivation of results and problem solving. The main theoretical devices employed are optimization theory and elements of game theory, while mathematical techniques with which students are unfamiliar will be explained during the course or in classes.

Method of assessment:

2 x problem-solving exercises (40%) and a 2-hour written examination in May/June (60%)