



Subject: Microeconomics – Price Theory 1

SYLLABUS

Topic 1. The theory of consumer choice and demand (part I)

- 1.1. Preference relations. Choice rules
- 1.2. The relationship between preferences and choice rules
- 1.3. Consumer choice. Commodities, the consumption set, competitive budgets
- 1.4. Demand functions

Topic 2. The theory of consumer choice and demand (part II)

- 2.1. Classical demand theory: basic properties of preference relations, preference and utility, utility maximization problem
- 2.2. Expenditure minimization problem
- 2.3. Relationships between demand, indirect utility, and expenditure functions
- 2.4. Aggregate demand and aggregate wealth

Topic 3. Production - under neoclassical firm

- 3.1. Models of the firm's technological capabilities
- 3.2. Profit function, conditional factor demands and cost functions. Profit maximization and cost minimization
- 3.3. Technological sets versus profit or cost functions
- 3.4. Cost functions and “-” runs

Topic 4. The price mechanism (part I) – pure exchange economies

- 4.1. Pure exchange and price equilibrium. Are the assumptions behind Walrasian equilibrium credible?
- 4.2. Efficiency of general equilibrium (in pure exchange economies)
- 4.3. Time, uncertainty and general equilibrium

Topic 5. The price mechanism (part II) – competitive firm and perfect competition

- 5.1. Perfectly competitive markets
- 5.2. Perfect competition and “-” runs
- 5.3. Partial equilibrium analysis
- 5.4. General equilibrium with firms

Topic 6. The price mechanism (part III) – basic models of imperfect competition

- 6.1. Standard theory of monopoly
- 6.2. Maintaining monopoly
- 6.3. Monopoly power
- 6.4. Classic models of duopoly/oligopoly

References:

1. David M. Kreps – *A course in microeconomic theory*, Pearson Education Limited, Edinburgh Gate, Harlow, Essex CM20 2JE, England.
2. Hal R. Varian – *Microeconomic analysis* (3rd edition), W. W. Norton & Company, Inc., 500 Fifth Avenue, New York, N.Y. 10110, www.wwnorton.com.
3. Andreu Mas-Colell, Michael D. Whinston, Jerry R. Green – *Microeconomic theory*, Oxford University Press, 1995, New York, Oxford.