

# ECON 5123

## MICROECONOMIC THEORY

Professor Georgia Kosmopoulou

Fall 2007

This course provides an intensive treatment of modern microeconomic theory. Throughout, the course uses mathematical tools and analytic concepts. Its goal is to introduce first year graduate students to the basic models and theories that make up the extensive field of microeconomics. We study consumer theory, producer theory, market theory and special topics in economics of information and uncertainty.

### **Principal Texts:**

Hal R. Varian: *Microeconomic Analysis*, W. W. Norton, New York, 1992.

Jehle and Reny: *Advanced Microeconomic Theory*, Second Edition, 2000.

Simon and Blume: *Mathematics for Economists*, W. W. Norton, New York, 1994.

### **Other Useful Texts in Economics and Mathematics available on reserve at Bizzell:**

Andreu Mas-Colell, Michael D. Whinston and Jerry R. Green: *Microeconomic Theory*, Oxford University Press, New York, 1995.

Murray H. Protter, Charles B. Morrey, Jr. *A First Course in Real Analysis*, New York: Springer, 1997.

John Courant, *Introduction to Calculus and Analysis*, Springer-Verlag, 1989.

Jack Hirshleifer: *Price theory and applications*, Prentice-Hall, 1980.

### **Grading Policy:**

- I. Exams:** There will be two midterm exams and a final exam. The first exam will count for 25% of your total grade, the second exam will count for 30% and the final will count for 40%. The tentative dates for the midterm exams are:
- 1<sup>st</sup> exam Thursday, September 27;
  - 2<sup>nd</sup> exam Thursday, November 8.

**II. Problem Sets:** Problem sets will be given regularly. They will count for the remaining 5% of your final grade.

### **Office Hours:**

I will hold office hours every Monday 4:00-5:00pm and Friday 1:30-2:30pm. My office is in 318 Hester Hall. My phone number is 325-3083 and my e-mail is: [georgiak@ou.edu](mailto:georgiak@ou.edu).

### **Course outline:**

The following is a list of topics I wish to cover in class. It is unlikely that we will make it through all the topics listed. For exams, you will be responsible for material in topics actually covered in lecture.

#### **I. Consumer Theory:**

*Topics to be discussed:* Preferences; Choice rules; Commodities; The budget set; Demand; The weak axiom of revealed preferences; Utility functions; Duality in demand theory; Utility maximization versus expenditure minimization; The strong axiom of revealed preferences; Aggregate demand.

#### **II. Producer Theory**

*Topics to be discussed:* Production sets; Profit maximization versus cost minimization; Aggregation; Efficient production.

#### **III. Market Theory**

*Topics to be discussed:* Competitive markets; Demand and supply; Market equilibrium; Oligopoly; Cournot competition; Bertrand competition; Product differentiation; Entry; The competitive limit.

#### **IV. Special Topics**

*Topics to be discussed:* Externalities; Public Goods; Private information and second-best solutions; Choice under uncertainty; Expected utility theory; Money lotteries and risk aversion;