

# Economics Principles

Instructor: Doruk Cetemen

Class Hours : Tuesday 17.30 - 19.00/ Thursday 11.30 - 13.00

Office Hours : By appointment

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## Course Description:

The course will provide a rigorous survey of microeconomic theory. In the first half of the course we will examine the economic behavior of consumers and firms. The second half will be devoted to the study of selected topics: game theory, market failures, information economics and public choice theory.

## Course Materials and Texts:

Geoffrey Jehle and Philip Reny [JR]: Advanced Microeconomic Theory, 3rd edition

Nicholson W. and Snyder C. [NS]: Microeconomic Theory (Basic Principles and Extensions), 11th edition

Ariel Rubinstein [AR]: Lecture notes on Microeconomic Theory (2018)

Rubinstein and Jehle & Reny are more advanced than Snyder & Nicholson, lectures will be at an intermediate level between these sets of books. If needed, I might distribute additional class notes. Course materials will be located at Google Classroom. Log-in using your Collegio Carlo Alberto email address.

## Requirements and Grading:

There will be two examinations during the semester, an in-class midterm and in-class final. These exams will emphasize problem-solving ability. The final examination primarily will contain material covered after the midterm.

The grades will be determined as follows: midterm 40 percent, final exam 60 percent. There will be problem sets about once a week. The midterm will be on the week of March 2. The final exam will only cover the material from the midterm. Both the midterm and the final will be 90 minutes.

## Topics in Order of Consideration: (Tentative)

1. Choice Under Certainty (5 lectures). Preferences and Utility (JR 1.2); The Consumer's Problem (JR 1.3); Indirect Utility and Expenditure Functions (JR 1.4); Properties of Consumer Demand (JR 1.5); Revealed Preference (JR 2.3).
2. Choice Under Uncertainty (3 lectures). Objective Probability and Expected Utility (JR 2.4); Subjective Probability (JR 2.4); Risk Aversion (JR 2.4).
3. Theory of the Firm (2 lectures). Production Functions (JR 3.2); Cost Functions (JR 3.3); Profit Maximization (JR 3.5).
4. Partial Equilibrium (1 lecture). Perfect Competition (JR 4.1); Equilibrium and Welfare (JR 4.3).
5. General Equilibrium (5 lectures). The Edgeworth Box Exchange Economy (JR 5.1); Exchange Economies (JR 5.2); The Efficiency of Competitive Equilibria (JR 5.2.2); General Equilibrium with Production (JR 5.3); The Core (JR 5.4).
6. Asymmetric Information and Market Failures (2 lectures). Information Economics (JR 8); Externalities; Public Goods.
7. Game Theory and Imperfect Competition (2 lectures). Monopoly; Game Theory: Static Games (JR 7.2); Game Theory: Dynamic Games (JR 7.3); Oligopoly (JR 4.2); Auctions (JR 9).