

**COURSE NAME**      **Economic Theory: Part I (Individual Decision Making)**

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**PROGRAM**      *Master in Economics*

**TERM**      1      **ECTS**      9      **HOURS**      60

**OVERVIEW (Objectives)**      This first part of the course lays down the foundations of modern economic theory. We will start with the classical theory of choice by first describing in detail the setting, the preferences of the agent, the representation of the agent's preferences by way of utility functions, and finally the behavior of the agent. We will then study these questions in a market setting to model the behavior of the consumer. Our next step will model a firm as a single actor, and will study its production decisions subject to technological constraints. We will close this first part of the course by studying decision making under uncertainty.

**COURSE OUTLINE**

- 1.- Abstract Individual Choice Theory.  
Mas-Colell, Whiston and Green (1995): Chapter 1.  
Rubinstein (2006): Lectures 1, 2, and 3.  
Jehle and Reny (2001): Chapter 2.3.
- 2.- Consumer Choice  
Mas-Colell, Whiston and Green (1995): Chapters 2 and 3.  
Rubinstein (2006): Lectures 4, 5, and 6.  
Jehle and Reny (2001): Chapter 1.
- 3.- The Firm  
Mas-Colell, Whiston and Green (1995): Chapter 5.  
Rubinstein (2006): Lecture 7.  
Jehle and Reny (2001): Chapter 3.
- 4.- Uncertainty  
Mas-Colell, Whiston and Green (1995): Chapter 6.  
Rubinstein (2006): Lectures 8 and 9.  
Jehle and Reny (2001): Chapter 2.4.

**REFERENCES**      The three main textbooks are:

Jehle, G. and P. Reny, *Advanced Microeconomic Theory*, 2nd edition. Addison Wesley, 2001.

Mas-Colell, A., M. Whinston and J. Green, *Microeconomic Theory*. Oxford University Press, Oxford 1995.

Rubinstein, A. *Lecture Notes in Microeconomic Theory*. Princeton NJ: Princeton University Press 2006.

Other recommended textbooks are:

Kreps, D., *A Course in Microeconomic Theory*, Princeton University Press, Princeton 1990.

Varian, H. *Microeconomic Analysis*, 3<sup>rd</sup> Edition. W. W. Norton & Co, New York 1992.