ECO556: Advanced Microeconomics
Fall 2014

Instructors:

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Course Description. This course is an advanced course in microeconomics. It introduces the basic concepts of microeconomics and discusses them in depth. In the first part of the course (lectures 1 to 4), we develop a theory of individual choice based on rational preferences and apply it to consumers and producers. In the second part of the course (lectures 6 and 7), we study equilibrium. A first introduction to imperfect competition is also given at that stage. In the third part, we introduce tools to study market imperfections. We provide an introduction to game theory and apply it to the study of imperfect competition. We also introduce information asymmetries. Finally in the last lecture, we take a larger view on the problem of social choice. The goal of the course is both to present these fundamental concepts at an advanced level and to give the students an understanding of how economic modeling proceeds. In particular, we will try to always clarify the assumptions that underly the models and openly discuss their validity.

Assignments and Exams. The final exam is on Monday, December 1, from 1:30pm to 4:30pm. On the webpage of the course, you will find a problem set that corresponds to each lecture. We will use these problem sets as a basis for exercises that we will solve in the exercise sessions. We will assign two homeworks during the quarter. The homework can be done in groups of up to 3 students, but each member of the group must write their own problem set. If you work in group, mention the people you worked with on your homework. These assignment will be graded. There is a unique three hours final exam at the end of the course. The exam is open book.

Grades. The course grade is computed as the maximum of two grades. The first of these grades puts the following weights: 70% on the final exam, 25% on the problem sets, and 5% on oral participation. The second of these grades puts: 80% on the final, 15% on the exams and 5% on oral participation.
**Organization.** The class meets every Monday from 1:30pm-5:15pm. This time is divided between a lecture and an exercise session during which we solve some of the problem set exercises. The exact timing will depend on the topic. The slides of the lecture and the corresponding problem set will be posted in advance on the website of the course. The lectures are organized as follows.

- Lecture 1: Choice Theory. (September 15)
- Lecture 2: Consumer Theory. (September 22)
- Lecture 3: Producer Theory. (September 29)
- Lecture 4: Comparative Statics. (October 6)
- Lecture 5: Partial Equilibrium. **Homework 1 due** (October 13)
- Lecture 6: General Equilibrium. (November 3)
- Lecture 7: Game Theory. (November 10)
- Lecture 8: Asymmetric Information. **Homework 2 due** (November 17)
- Lecture 9: Social Choice. (November 24)

**Textbooks.** There is no mandatory textbook for this course. The following books are an excellent complementary reading, and a good investment if you plan to do more economics.