

COURSE TITLE **ADVANCED MICROECONOMICS**

Study program

Economics and Finance

Laurea/LM/LMcu

LM

A.A.**2017/2018****Teachers:**

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SECS/P-01

CREDITS

12

Year of studies

I

Semester

I

EXPECTED LEARNING OUTCOMES**Knowledge and understanding**

The course provides a unified treatment of microeconomic theory, introducing the students to a rigorous analysis of its main topics in order to help the students to build a solid background in microeconomic theory and to become familiar with new methodologies.

Knowledge and applied understanding

The aim of this course is to introduce students to some of the techniques of microeconomic analysis which are widely used in the economic literature and to suggest a critical assessment of the perspectives of microeconomic theory and of its applications. Some parts of the course will be used to present material that should become familiar to all graduate students in economics, others will be used to introduce new methodologies of analysis

PROGRAM

Competitive Markets. Consumer choice and Demand Theory. Production Theory. Choice under Uncertainty. Allocative Efficiency and Market Power. General Equilibrium and Welfare Theorems. Moral Hazard. Adverse selection, Signalling and Screening. Externalities. Public Goods.

CONTENTS

Preference and choice: preference relations, choices rules, the consumption set, competitive budgets, demand functions and comparative static. Preference and utility. The utility maximization problem. The expenditure minimization problem. Duality. Indirect utility and expenditure function. Integrability. The weak axiom of revealed preferences. The strong axiom of revealed preference. Welfare evaluation and economic changes. Aggregate demand and wealth. Production: production set, profit maximization and cost minimization, efficient production. Choice under uncertainty: expected utility theory, money lottery and risk aversion, Measures of risk aversion. Monopoly. Price discrimination in monopoly. Oligopolistic Markets. Cournot vs- Bertrand competition. Simultaneous vs. Sequential choices. Two Stage games and the role of the Strategic effect. Repeated (Multiperiod) games. Tacit collusion.. General equilibrium theory in a pure exchange economy and in an economy with production. First and second fundamental theorems of welfare economics. Pareto optimality and social welfare optima: first order condition for Pareto optimality, existence of a Walrasian equilibrium. Public goods. Externalities. Adverse selection: signalling and screening, principal agent problem. Hidden action and hidden information. Costly state verification.

TEXTBOOKS

Varian, H. R., "Microeconomic Analysis", W. W. Norton & Company, 1978.
Mas-Colell, A., Whinston, M. D., and Green, J. R., "Microeconomic Theory", Oxford University Press, 1995.
Bolton, P and Dewatripont, M "Contract Theory", The MIT Press, 2004.
Macho-Stadler, Perez-Castrillo, J.D, "An introduction to the Economics of Information: Incentives and Contracts"., Oxford University Press, 1997.
Salanie, B., "The Economics of Contracts", The MIT Press, 2005.

Some notes will be distributed in class during the course

ASSESSMENT METHOD**a) Learning results to be verified:**

The exam verifies the knowledge acquired during the course and the ability to solve the proposed exercises.

b) Assessment method:

The assessment will be based on the results of the final written exam.

In case of a written exam, questions are*: ☐ Multiple choices
(*) more answers possible

☒ Open questions

☒ Numerical exercises