

Microeconomics 1 - Fall semester 2007

APE Master Program

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Welcome to my class

- Learn the basics of microeconomic theory
- Learn to **formalize**
- An interactive course
- Theory (8 lectures) and practice (8 exercise classes / Laurent Simula)
- References:
 1. Mas-Collel A., M. Whinston and J. Green (1995), *Microeconomic Theory*, Oxford University Press, 981 pages.
 2. Varian H. (1992), *Microeconomic Analysis, Third Edition*, Norton: New York, London, 506 pages.

A few words of introduction

- Economic activity = the interactions between agents pursuing a private interest (methodological individualism)
- Microeconomics = the analysis of individual choices (of consumption and production)
- Objective of the course: formalizing the consumption and production choices of agents
- Modeling the choices of agents, 2 approaches:
 - A **preference-based approach**. Agents have 'preferences' on a set of possible choices and these preferences are rational (i.e. satisfy a rationality axiom)
 - A **choice-based approach**. Direct focus on actual choices on which a consistent structure is imposed (similarity with the rationality axiom in the preference-based approach).

Outline of the course

- Chapter 1. Preference and choice
- Chapter 2. Consumer choice
- Chapter 3. Classical demand theory
- Chapter 4. Production
- Chapter 5. The competitive equilibrium
- Chapter 6. Choice under uncertainty