

## Microeconomics – Information Sheet

The readings below are suggested ones. Any other sources, which discuss required material can be also used.

### 1. Theory of the Producer

- (a) Technology – Varian (1992), ch. 1
- (b) Profit maximization and profit function – Varian (1992), ch. 2.1-2.4, 3
- (c) Cost minimization and cost functions – Varian (1992), ch. 4.1-4.4, 5

### 2. Theory of the Consumer

- (a) Utility maximization, consumer's problem – Varian (1992), ch. 7.1-7.4
- (b) Slutsky equation, revealed preferences, compensating and equivalent variations – Varian (1992), ch. 8.1-8.4, 9.1-9.2, 9.4, 10.1-10.6
- (c) Choice under uncertainty – Varian (1992), ch. 11.1-11.7

### 3. Market structures

- (a) Competitive markets, partial equilibrium analysis, perfect competition – Varian (1992), ch. 13, Mas-Collel, Whinston and Green (1995), ch. 10.F
- (b) Monopoly, price discrimination – Varian (1992), ch. 14.

### 4. Topics in General Equilibrium

- (a) Exchange economics, Edgeworth box, First and second theorem of welfare economics – Varian (1992), ch. 17
- (b) Equilibrium with production, Robinson economy, First and second theorem of welfare economics – Varian (1992) ch. 18, Mas-Collel et al. (1995), ch. 15.C
- (c) Social choice and welfare, the Arrow impossibility theorem, single-peaked preferences – Mas-Collel et al. (1995), ch. 21.A-21.D
- (d) Public Goods – Varian (1992) ch. 23
- (e) Externalities – Varian (1992) ch. 24

### 5. Elements of Game Theory

- (a) Static Games of Complete Information – Gibbons (1992), ch. 1
- (b) Dynamic Games of Complete Information, subgame-perfect Nash equilibrium – Gibbons (1992), ch. 2.1, 2.2, 2.4
- (c) Repeated Games and Folk Theorem – Gibbons (1992), ch. 2.3
- (d) Static Games with Incomplete Information, Bayesian-Nash equilibrium – Gibbons (1992) ch. 3.1, 3.2

## 6. Topics in economics of information

- (a) Adverse selection, Akerlof model of labor market – Mas-Collel et al. (1995), ch. 13.B.
- (b) Principal-Agent Approach, simple model of monopolistic screening – Salanié (1997), ch. 1, 2.2.
- (c) Moral hazard: Simple model with two outcomes and two effort levels – Salanié (1997) ch. 5.1; Varian (1992) ch. 25.4
- (d) Signalling games, Introduction to Perfect Bayesian Equilibrium, Spence's education model – Gibbons (1992), ch. 4.1-4.2.A; Mas-Collel et al. (1995), ch. 13.C

## References

**Gibbons, Robert**, *A Primer in Game Theory*, New York: Harvester Wheatsheaf, 1992.

**Mas-Collel, Andreu, Michael D. Whinston, and Jerry R. Green**, *Microeconomic Theory*, New York: Oxford Univ. Press, 1995.

**Salanié, Bernard**, *The Economics of Contracts. A Primer*, Cambridge, Mass.: MIT Press, 1997.

**Varian, Hal R.**, *Microeconomic Analysis*, New York: W.W. Norton, 1992.