

Economics 4161
Fall Semester 2023, Session I
Instructor: Jan Werner

September 5–October 20
T.Th. 2:30 - 3:45 PM, CSOM 2-213

Microeconomic Analysis

The subject of this course are choices made by consumers and investors in competitive markets. We consider consumer's demand, saving decisions over time, and portfolio selection in asset markets. We discuss rationalizability of choices by preferences, that is, identification of preferences from observed choices. In consumer theory, this is the subject of the revealed preference theory. The course introduces expected utility under uncertainty with its axiomatizations, and some alternative specifications for setting where probabilities of outcomes may be ambiguous. Topics of risk aversion and portfolio selection in asset markets are discussed as well.

The course emphasizes rigorous analysis of economic concepts and models in microeconomics. Prerequisites for the course include multivariate calculus and linear algebra.

Course Textbook:

Ariel Rubinstein, *Lecture Notes in Microeconomic Theory*, 2nd Ed., Princeton U. Press, 2012.

Course Outline:

1. Preference, Utility and Choice.
Rubinstein, Chapters 1-4
2. Consumer Demand and the Revealed Preference.
Rubinstein, Chapter 5-6.
3. Intertemporal Utility and Savings.
Lecture Notes
4. Choice under Uncertainty: Expected Utility, Risk Aversion, and Ambiguity.
Rubinstein, Chapter 8-9 & Lecture Notes
5. Portfolio Selection.
Lecture Notes
6. Social Choice.
Rubinstein, Chapter 10

Office Hours, Course Website, Recitation, and T.A.

Professor's office hours: Mondays, 1:00-2:30 p.m
Email: jwerner@umn.edu
Website: www.econ.umn.edu/~jwerner

Course Website: Canvas
Teaching Assistant: Xavier Rainero Caceres
Email: raine111@umn.edu
Office Hours: TBA

Recitation place and time: Friday 8:30 - 9:20 am, BlegH 225

Exams and Grades

Tuesday, October 3

There will be a midterm and a final exam. Midterm will be on ~~Sept. 28~~ [Sept. 28](#). Final will be on **Thursday, October 19** in class. Weekly homework will be given. Homework must be handed in on time.

Grades will be determined on students' performance on:

Homework - 20%

Midterm - 30%

Final - 50%

or

Homework - 20%

Final - 80%,

whichever is better.

COVID-19 Restrictions:

If you experience any signs of illness or have a positive COVID-19 test result, please stay at home and consult with your healthcare provider about an appropriate course of action. Up-to-date COVID-19 policy information is available on the Safe Campus page.

Incomplete Grades, Make-up Exams, and Scholastic Dishonesty:

See Department of Economics Procedures and Policies 2023-2024.

Supplementary Course Material:

A. MasColell, M. Whinston, and J. Green, *Microeconomic Theory*, 1995, Chapters 1-6.

Kreps, D., *Microeconomic Foundations I: Choice and Competitive Markets*, Princeton U. Press, 2013.

Ch. P. Chambers and F. Echenique, *Revealed Preference Theory*, Cambridge U. Press, 2016.

Sundaram, R. K., *A First Course in Optimization Theory*, Cambridge U. Press, 1996.