

Microeconomic Theory

Single subject and programme course

7.5 credits

Mikroekonomisk teori

730A25

Valid from: 2020 Autumn semester

Determined by
Course and Programme Syllabus Board
at the Faculty of Arts and Sciences

Date determined
2019-12-03

Main field of study

Economics

Course level

Second cycle

Advancement level

A1N

Course offered for

- Master programme in Economics
- Business and Economics Programme - International - French
- Business and Economics Programme
- Business and Economics Programme - International - Spanish
- Business and Economics Programme - International - German

Entry requirements

- Economics, basic courses, 30 ECTS credits, Economics, continuation courses, 30 ECTS credits, and Economics, in-depth courses, 30 ECTS credits, with at least 60 ECTS credits approved
- English and Swedish corresponding to the level of English and Swedish in Swedish upper secondary education (Engelska 6 and Svenska 3)

Intended learning outcomes

On completion of the course, the student should be able to

- account for and by means of mathematical analytical methods derive relationships in central parts of microeconomic theory, including consumption theory, production theory, equilibrium theory and welfare theory
- On a theoretical level analyse microeconomic issues by means of these theories.

Course content

The following is covered in the course

- Basic assumptions, derivations and concepts within consumer theory. Utility function, indirect utility function and expenditure function. Optimum consumption over time. Compensating variation and equivalent variation.
- Basic assumptions, derivations and concepts within production theory. Production function, cost function in the short and long run. Profit maximisation in the short and long run.
- Partial equilibrium in a market with perfect competition in the short and long run. The effects of a disturbance under naive and rational expectations.
- Equilibrium in a monopoly and the effects of a disturbance under various assumptions about the expectations of the monopolist.
- General equilibrium, existence and stability.
- The basics of welfare theory. The Pareto criterion, the Pareto efficiency and the Pareto optimality. The Kaldor-Hicks compensation criterion. Pareto efficiency and perfect competition, the first and second theorem of welfare theory.
- Market imperfections and political imperfections. Monopoly. Externalities and the Coase theorem. Common land. Public goods. The theory of the second best. Political imperfections
- The von Neumann-Morgenstern utility theory and the basics of research theory.

Teaching and working methods

The course contains lectures and teaching sessions with presentations of practical assignments. The students should also study independently. Language of instruction: Swedish and/or English.

Examination

The course is examined by

- individual written examination, grading scale: UV

Detailed information can be found in the study guide.

If the LiU coordinator for students with disabilities has granted a student the right to an adapted examination for a written examination in an examination hall, the student has the right to it. If the coordinator has instead recommended for the student an adapted examination or alternative form of examination, the examiner may grant this if the examiner assesses that it is possible, based on consideration of the course objectives.

Students failing an exam covering either the entire course or part of the course twice are entitled to have a new examiner appointed for the reexamination.

Students who have passed an examination may not retake it in order to improve their grades.

Grades

Three-grade scale, U, G, VG

Other information

Planning and implementation of a course must take its starting point in the wording of the syllabus. The course evaluation included in each course must therefore take up the question how well the course agrees with the syllabus.

The course is carried out in such a way that both men's and women's experience and knowledge is made visible and developed.

Department

Institutionen för ekonomisk och industriell utveckling