DRE 4010 Microeconomics

Programme

Responsible for the course

Department
Department of Economics

Term
According to study plan

ECTS Credits
6

Language of instruction
English

Introduction
Please note that this course will be revised before it is offered again.

Lecture: Professor Dag Morten Dalen. Department of Economics

The aim of the course is to give the students an understanding of graduate microeconomic theory at a level expected among Ph.D students in economics, finance and related disciplines.
Course structure:
The course will we taught in three intensive modules. Each module consists of 2*5 hours (2 days and 5 hours per day).

Students are required to participate in class – both in discussions and by presenting models/material from the reading lists.

Learning outcome

Prerequisites
Admission to a PhD Programme is a general requirement for participation in PhD courses at BI Norwegian School of Management.

External candidates are kindly asked to attach confirmation of admission to a PhD programme when signing up for a course with the doctoral administration. Candidates can be allowed to sit in on courses by approval of the courseleader. Sitting in on courses does not permit registration for courses, handing in exams or gaining credits for the course. Course certificates or conformation letters will not be issued for sitting in on courses

Compulsory reading
Books:
Bolton, P., and M. Dewatripont. 2005. Contract Theory MIT press. Cambridge
Mas-Colell, A., Whinston, M.D., and J.P Green. 1995. Microeconomic Theory. Oxford University Press, Oxford

Recommended reading

Course outline
Outline

Module 1: Consumer and producer choice
We cover the classical analytical treatment of individual consumer choice and firms' production choices.

List of topics:
Preferences and utility functions (MWG 3.A,B,C)

The utility maximization problem (MWG 3.D)
Demand functions and indirect utility function (MWG 3.D)
Expenditure minimization and compensated demand functions (MWG 3.E,G)
Production functions (MWG 5A,B)
Profit maximization (MWG 5.C)
Cost minimization and cost functions (MWG 5.C, 5.D)

Module 2: Information economics
We introduce asymmetric information into competitive markets. Adverse selection due to Akerlof (1970), signalling due to Spence (1973, 1974), and screening due to Rothchild and Stiglitz (1976) are covered.

List of topics:
Adverse selection and competitive equilibria (MWG 13.A,B,)
Signalling model (MWG 13.C and BD 3)
Screening (MWG 13.D)

Module 3: Principal-agent problems

Moral hazard (MWG 14. A,B and BD 4)
Adverse selection (MWG 14.C BD 2)
Incomplete contracts (BD 11)

Computer-based tools

Learning process and workload

Examination
30 hours home exam. Exam code DRE 40101
Pass/fail

Exam code(s)
DRE40102

Examination support materials

Re-sit examination
Nest time the course is offered

Additional information
Honour Code
Academic honesty and trust are important to all of us as individuals, and represent values that are encouraged and promoted by the honour code system. This is a most significant university tradition. Students are responsible for familiarizing themselves with the ideals of the honour code system, to which the faculty are also deeply committed.

Any violation of the honour code will be dealt with in accordance with BI's procedures for cheating. These issues are a serious matter to everyone associated with the programs at BI and are at the heart of the honor code and academy integrity. If you have any questions about your responsibilities under the honour code, please ask.