

Microeconomics II: Preferences and Consumer Behavior

Level: L1

Track: All

Semester : S2

Teaching hours: 18h hours of lectures and 18h hours of tutorials.

Teaching language: Français (lectures), English in one tutorial

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Course's objectives:

This course offers an introduction to the neoclassical theory of the consumer, combining theoretical foundations and economic applications.

Lesson plan:

1. Theoretical foundations
 - i. Preferences and utility function: preference relations, utility functions, marginal utility, marginal rate of substitution, indifference curves
 - ii. Budget constraint and opportunity costs
 - iii. Walrasian demand: graphical interpretation and calculation methods
 - iv. Comparative statics and Hicksian demand: demand variation with income (income expansion path), price changes and Engel curves; elasticities and goods classification
 - v. Aggregation of demand; case of quasi-linear preferences
 - vi. Equivalent variation and consumer surplus
2. Economic applications
 - i. Intertemporal consumption and discounting
 - ii. Contingent goods under uncertainty: insurance and investment
 - iii. Labor economics: consumption–leisure trade-off
 - iv. Exchange economy: Pareto-efficient allocations and fairness criteria

Skills developed:

- Ability to formalize, model, and analyze trade-offs under constraints.
- Ability to define and understand the relevance of demand elasticity, aggregate demand, and consumer surplus.

Grading system: 1 mid-term evaluation, and 1 final examination.

Prerequisites: Microeconomics I and Quantitative Methods I; high-school level probability theory.

Bibliography / references:

- N. Eber, Introduction à la microéconomie moderne, une approche expérimentale, ch. 2
- S. Bowles & S.D. Halliday, Microeconomics: Competition, Conflict, and Coordination, ch. 2.7
- **M.J. Osborne & A. Rubinstein, Models in Microeconomic Theory, ch. 4 & 5 (reference textbook)**
- H.R. Varian, Intermediate Microeconomics, ch. 7–11



- A. Mas-Colell, M.D. Whinston & J.R. Green, Microeconomic Theory, ch. 2–4