

Microeconomics IV: Equilibrium

Level: L2

Cursus: all

Semester: S2

Timetable: 18 h of lecture et 18 h of tutorials

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Course objectives:

Knowledge and use of standard neoclassical models (consumer, producer) to define the notion of partial and general equilibrium of an economy in perfect competition, barter of indivisible goods, exchange of infinitely divisible goods without and with production, main theorems (existence, welfare, Pareto stability, core of an economy), underlying assumptions (rationality, marginalist reasoning, comparative statics) and limits of these models (market failures), impact on welfare of economic policies.

Outline:

1. Barter of indivisible goods
2. Review of consumer theory and exchange economy
3. Review of producer theory and Robinson economy
4. Measurement social welfare and the impact of economic policies in partial equilibrium
5. General equilibrium with producer: substitutability and interdependence.
6. Theorems in general equilibrium
7. Assumptions and limits of general equilibrium theory (imperfect competition, asymmetric information, externalities)

Skills developed:

- modeling, formalizing and solving "small" economies
- articulating social and individual welfare in a market economy
- welfare measurement

Assessment method:

2 table tests

Prerequisite:

Microeconomics courses in L1 and S3; mathematical tools in L1 and S3

Bibliography / references (increasing level of formalization):

- Microéconomie, N. Eber
- Microeconomics: Competition, Conflict, and Coordination (S. Bowles & S.D. Halliday)
- Models in Microeconomic Theory, M.J. Osborne & A. Rubinstein (conseillé)
- Welfare Economics and Social Choice Theory, A.M. Feldman & R. Serrano
- Cooperative Microeconomics, H. Moulin
- Microéconomie, A. Mas-Colell, M.D. Whinston & J.R. Green