School of Economics and Management

NEKP21, Economics: Microeconomics - Individual Choice, 7.5 credits

Nationalekonomi: Mikroekonomi - individuella val, 7,5 högskolepoäng

Second Cycle / Avancerad nivå

Details of approval

The syllabus was approved by The Board of the Department of Economics on 2011-11-08 and was last revised on 2023-10-17. The revised syllabus comes into effect 2023-10-17 and is valid from the spring semester 2024.

General information

This is a single subject master course in economics. The course is either obligatory or optional within a number of master programmes at Lund University.

Language of instruction: English
Teaching may be in Swedish if all registered students have a good knowledge of Swedish.

Main field of study	Specialisation
Economics	A1N, Second cycle, has only first-cycle course/s as entry requirements

Learning outcomes

Knowledge and understanding

Students shall:

- deepen their knowledge of the microeconomic theory of choice by individuals and firms in a perfectly competitive context, and their knowledge general equilibrium in exchange economies and production economies,
- understand and be able to describe the duality between technologies on the one hand, and cost and profit functions on the other,
- understand and be able to describe models of individual choice under certainty and uncertainty,

- understand and be able to describe the dual approach to consumer theory,
- understand and be able to describe conditions for general equilibrium in exchange economies and production economies,
- understand and be able to describe the first and second theorem of welfare economics,
- understand and be able to describe time preferences with exponential and hyperbolic discounting.

Competence and skills

Students shall have the ability to independently:

- apply the theory to non-parametric efficiency analyses of firms and industries,
- apply the theory of individual choice in specific examples, such as the degree of insurance and the composition of asset portfolios,
- apply general equilibrium analysis in practice and relate the results obtained to partial equilibrium analysis,
- describe and discuss their knowledge.

Judgement and approach

Students shall be able to acquire further knowledge in the area.

Course content

In the first part of the course the technology encountered by a firm is modeled, and the circumstances under which all relevant technological information is captured by purely economic objects are demonstrated. It is also shown how efficiency can be analyzed by means of DEA analysis. Next, individual choice is considered and a number of representation theorems are derived for choice under both certainty and uncertainty. A number of applications of preference theory are considered, such as its application to asset markets, as well as other kinds of choice under uncertainty. The course also gives a thorough treatment of the dual approach to consumer theory, providing a full characterization of the implication of individual utility maximizing behavior in a market context. Basic general-equilibrium analysis is covered and the first and second welfare theorems are derived. Finally, intertemporal choice is considered, and the distinction between standard (exponential) and hyperbolic discounting is stressed.

Course design

1. Teaching: Tuition consists of lectures and exercises.

Assessment

1. Examination: The examination consists of a written exam that takes place at the end of the course. There will be further opportunities for examination close to this date. Other forms of examination can be included to a limited extent.

2. Limitations on the number of examination opportunities: –

The University views plagiarism very seriously, and will take disciplinary action against students for any kind of attempted malpractice in connection with examinations and assessments. Plagiarism is considered to be a very serious academic offence. The penalty that may be imposed for this, and other unfair practices in examinations or assessments, includes suspension from the University for a specified period.

The examiner, in consultation with Disability Support Services, may deviate from the regular form of examination in order to provide a permanently disabled student with a form of examination equivalent to that of a student without a disability.

Grades

Grading scale includes the grades: Fail, E, D, C, B, A
1. Grading: Grade (Definition), Points or percentage out of maximum points, Characteristic
A (Excellent), 85–100, A distinguished result that is excellent with regard to theoretical depth, practical relevance, analytical ability and independent thought.
B (Very good), 75–84, A very good result with regard to theoretical depth, practical relevance, analytical ability and independent thought.
C (Good), 65–74, The result is of a good standard with regard to theoretical depth, practical relevance, analytical ability and independent thought.
D (Satisfactory), 55–64, The result is of a satisfactory standard with regard to theoretical depth, practical relevance, analytical ability and independent thought.
E (Sufficient), 50–54, The result satisfies the minimum requirements with regard to theoretical depth, practical relevance, analytical ability and independent thought, but not more.
U (Fail), 0–49, The result does not meet the minimum requirements with regard to theoretical depth, practical relevance, analytical ability and independent thought.
Students have to receive a grade of E or higher in order to pass a course.

2. Weighting grades from different parts of the course: –

3. Grading scales for different parts of the course: –

Entry requirements

Students who have been admitted to the Master Programme in Economics and who have taken the courses NEKN21 "Advanced Microeconomic Analysis" and NEKN32 "Mathematical Methods, Advanced level" are eligible to take this course. For other students at least 90 ECTS-credits in economics are required. These must include 30 ECTS-credits at the advanced level, including the courses NEKN21 "Advanced Microeconomics Analysis", NEKN32 "Mathematical Methods, Advanced level" and NEKN01 "Master Essay I" or their equivalents.

Further information

1. Transitional regulations: This course replaces NEKP23 "Microeconomics – Theory for Individual Choice and Game Theory".

2. Limitations in the period of validity: –

3. Limitations: This course may not be included in the same degree as NEK701 "Microeconomics – Theory for Individual Choice and Game Theory", NEKM31 "Microeconomics – Theory for Individual Choice and Game Theory" or NEKP23 "Microeconomics – Theory for Individual Choice and Game Theory".

4. Similar courses: –

5. Limitations in renewed examination: –