

## 3LECOX01 - Microeconomics

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**Professor:** H el ene Lenoble-Liaud  
**Contact information:**  
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**Department:** LSO  
**Semester:** 1

**Course level:** Undergrade  
**Domain:** Economics  
**Teaching language:** One group in French / one in English  
**Number of in-class hours:** 36  
**Number of course sessions:** 12 + Exam  
**ECTS:** 6

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### Course description and objectives

The course starts with an overview of the intertemporal general equilibrium. Chapter one links Pareto-optimal intertemporal allocations and preferences and characterizes the general equilibrium with a loan market. Chapter 2 introduces production, discusses the Fisher separation theorem and describes the no arbitrage pricing method of financial assets.

Then uncertainty is accounted for. Chapter 3 presents uncertainty measures (expected utility, risk premium ...), describes agents' behaviour (risk-aversion, risk-neutrality ...) and introduces the Arrow-Pratt measure of risk-aversion. Chapter 4 highlights the role of insurance when risk is diversifiable and illustrates the demand for insurance in an Edgeworth box. Then chapter 5 introduces the notion of market completeness and links it to the determination of general equilibrium. The course ends with a presentation of the Arrow-Debreu model.

The course aims at highlighting the two fundamental roles of financial markets: intertemporal reallocation and hedging when there is uncertainty.

### Prerequisites

Students are expected to have completed a course of introductory microeconomics. More specifically, a good knowledge of the competitive general equilibrium is required.

### Learning outcomes

Upon successful completion of the course a student will be able to:

- Determine an intertemporal general equilibrium (assets prices, consumptions, portfolio composition);
- Assess risk;
- Apply the asset pricing method.

### Assignments and grading

50% 2-hour mid-term exam (problems + questions)

50% 2-hour final exam (problems + questions)

The numerical grade distribution will dictate the final grade. The passing grade for a course is 10/20.

**Class participation:** Active class participation – this is what makes classes lively and instructive. Come on time and prepared. Class participation is based on quality of comments, not quantity.

**Exam policy:** In the exam, students will not be allowed to bring any document (except if allowed by the lecturer). Unexcused absences from exams or failure to submit cases will result in zero grades in the calculation of numerical averages. Exams are collected at the end of examination periods.

## Course structure

Session	Topic
1	Chap. 1, Intertemporal general equilibrium in an exchange economy
2	Chap. 1, Continued
3	Chap. 2, Intertemporal general equilibrium with production
4	Chap. 2, Continued
5	Problem set No. 1
6	Mid-term exam
7	Chap. 3, Uncertainty
8	Chap. 3, Continued
9	Chap. 4, Decision under uncertainty: the case of insurance
10	Chap. 5, General equilibrium under uncertainty and the role of financial markets
11	Chap. 5, Continued
12	Problem set No. 2
13	Final Exam

## Bibliography

Intermediate Microeconomics, 9th edition, by H.R. Varian, published by Norton (chap. 10 and 12)

## MyCourse

This course is on MyCourse: **Yes (lecture notes + problem sets)**

## Academic integrity

Be aware of the rules in Université Paris Dauphine about plagiarism and cheating during exams. All work turned in for this course must be your own work, or that of your own group. Working as part of a group implies that you are an active participant and fully contributed to the output produced by that group.

Academic calendar

<b>Dates (Monday/Sunday)</b>		<b>L3 ECO</b>
02/09/19	09/08/19	
09/09/19	15/09/19	1
16/09/19	22/09/19	2
23/09/19	29/09/19	3
30/09/19	06/10/19	4
07/10/19	13/10/19	5
14/10/19	20/10/19	6
21/10/19	27/10/19	<b>Exams</b>
28/10/19	03/11/19	8
04/11/19	10/11/19	9
11/11/19	17/11/19	10
18/11/19	24/11/19	11
25/11/19	01/12/19	12
02/12/19	08/12/19	Review w.
09/12/19	15/12/19	<b>Exams</b>
16/12/19	22/12/19	<b>Holidays</b>
23/12/19	29/12/19	
30/12/19	05/01/20	
06/01/20	12/01/20	