

EKN-812 Lecture 1

Methodology; Basic Theory of Demand

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The Economic Approach to Human Behavior

What Good is (Economic) Theory?

Outline for Today

- budget constraints
- preferences: axiomatic foundations
- Hicksian and Marshallian demand
- implications of rational choice: symmetry, homogeneity and adding up
- substitutes and complements; constrained demand functions and rationing

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