ECONOMICS 200B --- MICROECONOMIC THEORY
MARKETS AND WELFARE


Lectures on sections I, III - VI, will parallel the treatment in Starr's General Equilibrium Theory: An Introduction. Please read the designated portion of Starr on each topic before the class meeting on it.

Items shown with a bullet (●) are required reading for Economics 200B. Items shown with an asterisk (*) on the syllabus were once designated by the UCSD Economics faculty as sufficient preparation for the qualifying examination in microeconomics for these topics. *-designated material overlaps and extends ●-designated material; suggestion: read both. Material denoted by a dagger (†) is intended to provide additional depth and breadth for the topic presented but is not intended to appear on a class or qualifying examination.

There will be weekly problem sets required. There will be a take-home midterm and take-home final exam.

I. The Robinson Crusoe model; the Edgeworth Box in Consumption and Factor allocation

● Starr, General Equilibrium Theory: An Introduction, chap. 1
● Starr, draft section of second edition, "A 2x2x2 Model"
● Mas-Colell, Whinston, and Green, chap. 15
● Varian, chap. 17

† Nicholson, W., Microeconomic Theory: Basic Principles and Extensions, 2nd ed. chap 20, including appendices.
† Arrow, K. J., and F. H. Hahn, General Competitive Analysis, chap 1.

II. Partial Equilibrium, Comparative Statics, Consumer Surplus and Compensation Tests

● Mas-Colell, Whinston, and Green, chap. 10
III. Competitive Equilibrium - Definition and Existence

- Starr, draft section of second edition "The Shapley-Folkman Theorem", draft chapter of the second edition "U-Shaped Cost Curves and Concentrated Preferences"
- Mas-Colell, Whinston, and Green, Appendix M.I, chap. 17
- Varian, chap. 17, 18
- Kreps, sections 6.1 - 6.4
- Douglas Gale, "Bargaining and Competition Part I: Characterization"


†Arrow - Hahn, chapter 2.


IV. Efficiency of Competitive Equilibrium, Fundamental Theorems of Welfare Economics

- Mas-Colell, Whinston, and Green, Appendix M.G, chap. 16
- Varian, chap. 17, 18

†Arrow-Hahn, section 4-4


V. Time and Uncertainty -- futures markets

VI. Core of a Market Economy

- Starr, General Equilibrium Theory: An Introduction, chaps. 13, 14
- Starr, draft chapter for the second edition, "A Large Economy without Replication"

*Mas-Colell, Whinston, and Green, chap. 18
*Varian, section 21.1
*Kreps, section 8.4
†Cornwall, R. R., Introduction to the Use of General Equilibrium Analysis, chap. 5
†Ichishi, T., Game Theory for Economic Analysis, sections 5.5, 5.6, and pp. 24, 25.
†Arrow-Hahn, chapter 8.

VII. Social Welfare Functions and Social Choice Theory

- Varian, ch. 17
- Feldman Ch. 8-10
- Arrow & Seftovsky, AEA Readings on Welfare Economics, Arrow, "A Difficulty in the Concept of Social Welfare"
- Mas-Colell, Whinston & Green Ch. 21
VIII. Externalities
- Feldman Ch. 5
- Varian Ch. 24
- Laffont Ch. 1, secs. 1.1-1.5
- Mas-Colell, Whinston & Green Ch. 11
† Cornwall, R. R., Introduction to the Use of General Equilibrium Analysis, chap. 6

IX. Public Goods
- Feldman Ch. 6
- Varian Ch. 23
  * Laffont Ch. 2, secs. 2.1-2.4; Ch. 3, secs. 3.1-3.3
- Mas-Colell, Whinston & Green Ch. 11
† Starrett, D.A., Foundations of Public Economics, section 16.3

X. Second-Best Allocation Mechanisms: Equity, Efficiency, and Government Revenue
- Varian Ch. 22
- Mas-Colell, Whinston & Green Ch. 22A-C

XI. The Space of Economies and Equilibria, Computation of Equilibria
- Mas-Colell, Whinston & Green, ch. 17.D, 17.E

XII. Economic Theory and its Critics
† Hahn, F.H., On the Notion of Equilibrium in Economics.