

ECONOMICS 200B --- MICROECONOMIC THEORY MARKETS AND WELFARE

The principal text for the first five weeks of the course is Starr, *General Equilibrium Theory: An Introduction*. Update Starr with corrigenda on the web at <http://object.cup.org/Errata/052156414Xerr.PDF> ; you will need an acrobat reader to access this material. In addition we will use Mas-Colell, Whinston, and Green, *Microeconomic Theory*, Varian, *Microeconomic Analysis*, 3rd edition, Kreps, *A Course in Microeconomic Theory*. Arrow and Scitovsky, *AEA Readings on Welfare Economics*, Feldman, *Welfare Economics and Social Choice Theory*, Laffont, *Fundamentals of Public Economics*, and additional readings.

Lectures on sections I - V, 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. 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

*Mas-Colell, Whinston, and Green, chap. 15

*Varian, chap. 17

*Jones, R., "The Structure of Simple General Equilibrium Models," *Journal of Political Economy*, 1963, pp. 557 - 72.

†Nicholson, W., *Microeconomic Theory: Basic Principles and Extensions*, 2nd ed. chap 20, including appendices.

†Cornwall, R. R., *Introduction to the Use of General Equilibrium Analysis*, pp. 20-24, "Economists' View of Robinson Crusoe;" pp. 78 -83, "Partial versus General Equilibrium Analysis."

†Arrow, K. J., and F. H. Hahn, *General Competitive Analysis*, chap 1.

†Arrow, K.J., "General Economic Equilibrium: Purpose, Analytic Techniques, Collective Choice," *American Economic Review*, LXIV, v. 3, June 1974, pp. 253 - 272.

†Weintraub, E. R., "On the Existence of Competitive Equilibrium: 1930 - 1954," *Journal of Economic Literature*, XXI, March 1983, pp 1 - 39.

II. Competitive Equilibrium - Definition and Existence

●Starr, *General Equilibrium Theory: An Introduction*, 2.7, chaps 3 - 11.

*Mas-Colell, Whinston, and Green, Appendix M.I, chap. 17

IX. Public Goods

- *Feldman Ch. 6
- *Varian Ch. 23
- Laffont Ch. 2, sees. 2.1-2.4; Ch. 3, sees. 3.1-3.3
- *Mas-Colell, Whinston & Green Ch. 11
- R. Russell and M. Wilkinson, *Microeconomics: A Synthesis of Modern and Neoclassical Theory*, chapter 18.
- Starrett, D.A., *Foundations of Public Economics*, section 16.3

X. Second-Best Allocation Mechanisms: Equity vs, Efficiency

- Varian Ch. 22
- *Mas-Colell, Whinston & Green Ch. 22A-C

XI. The Space of Economies and Equilibria

- Mas-Colell, Whinston & Green, ch. 17.D, 17.E
- † D. J. Brown and R. Matzkin, "Testable Restrictions on the Equilibrium Manifold," *Econometrica*, v. 64, 1996, pp. 1249-1262.

XII. Economic Theory and its Critics

- Hahn, F.H., *On the Notion of Equilibrium in Economics*.
- Kaldor, N., "The Irrelevance of Equilibrium Economics," *Economic Journal*, (1972).
- McCloskey, D., "The Futility of Blackboard Economics," chap 3 in McCloskey, *The Vices of Economists---The Virtues of the Bourgeoisie*, Amsterdam University Press, 1996.
- Gibbard, A. and H. Varian, "Economic Models," *Journal of Philosophy*, v.75, 1978, pp. 664-677.
- Debreu, G., "Theoretic Models: Mathematical Form and Economic Content," *Econometrica*, v.54, no. 6 (Nov. 1986), pp. 1259-1270.
- Koopmans, T.C., *Three Essays on the State of Economic Science*; essays II and III, "The Construction of Economic Knowledge" and "The Interaction of Tools and Problems in Economics."
- McKenzie, L.W., "General Equilibrium," *The New Palgrave*.
- Clower, R. W., "Axiomatics in Economics," *Southern Economic Journal*, v. 62, 1995, pp. 307-319.