

Econ 752
Microeconomic Theory II

Professor: Douglas Nelson
Office: Tilton 108 (Murphy Institute), Phone: 865-5317
Office Hours: Tuesday and Thursday, 3:30-5:30
Phone: 865-5317
email: dnelson@tulane.edu
Webpage: <http://www.tulane.edu/~dnelson/>

This course provides an overview of equilibrium analysis for competitive markets. The course is organized in four sections. An introductory section illustrates the main themes of the course in simple partial and general equilibrium environments. The second part of the course develops the main positive results from abstract general equilibrium theory. The third and fourth part of the course introduces students to the analysis of general equilibrium systems. Specifically, part III introduces positive analysis in terms of comparative statics, while part IV introduces students to welfare economics.

Evaluation: Your performance in this course will be evaluated on the basis of two examinations (worth 100 points each). All students are expected to do all the expected reading and actively participate in all classes.

Readings and exercises for the course will be drawn from the following core texts:

Andreu Mas-Colell, Michael Whinston, and Jerry Green (1995). *Microeconomic Theory*. New York: Oxford University Press. [**MWG**]

Hal Varian (1992). *Microeconomic Analysis*. New York: Norton. [**Varian**]

Eugene Silberberg and Wing Suen (2001). *The Structure of Economics: A Mathematical Analysis*. Boston: Irwin/McGraw Hill. [**Silberberg and Suen**]

Alan Woodland (1982). *International Trade and Resource Allocation*. Amsterdam: North Holland.

Gareth Myles (1995). *Public Economics*. Cambridge: Cambridge University Press.

In addition, there will be a large number of articles available electronically.

The main substantive material of this course has been covered in a number of excellent texts. On pure general equilibrium theory, at a relatively elementary level the following are excellent:

Peter Newman (1965). *The Theory of Exchange*. Englewood Cliffs: Prentice-Hall.

James Quirk and Rubin Saposnik (1968). *Introduction to General Equilibrium Theory and Welfare Economics*. New York: McGraw Hill.

Werner Hildenbrand and Alan Kirman (1988). *Equilibrium Analysis: Variations on Themes by Edgeworth and Walras*. Amsterdam: North-Holland.

Ross Starr (1997). *General Equilibrium Theory: An Introduction*. Cambridge: CUP.

Bryan Ellickson (1993). *Competitive Equilibrium: Theory and Applications*. Cambridge: CUP.

Alan Kirman, ed. (1998). *Elements of General Equilibrium Analysis*. Oxford: Blackwell.

At a more advanced level, the following are excellent:

Kenneth Arrow and Frank Hahn (1971). *General Competitive Analysis*. Amsterdam: North-Holland.

Lionel McKenzie (2002). *Classical General Equilibrium Theory*. Cambridge: MIT Press.

Andreu Mas-Colell (1985). *The Theory of General Equilibrium: A Differentiable Approach*. Cambridge: CUP/Econometric Society.

Yves Balasko (1988). *Foundations of the Theory of General Equilibrium*. San Diego: Academic Press.

C. Aliprantis, D. Brown, and O. Burkinshaw (1990). *Existence and Optimality of Competitive Equilibrium*. Berlin: Springer-Verlag.

On the application to public economics, texts emphasizing modern general equilibrium methods include:

David Starrett (1988). *Foundations of Public Economics*. Cambridge: Cambridge University Press.

Jean-Jacques Laffont (1988). *Fundamentals of Public Economics*. Cambridge: MIT Press.

Roger Guesnerie (1995). *A Contribution to the Pure Theory of Taxation*. Cambridge: Cambridge University Press.

On the application to trade:

Avinash Dixit and Victor Norman (1980). *Theory of International Trade*. Cambridge: Cambridge University Press.

Kar-yiu Wong (1995). *International Trade in Goods and Factor Mobility*. Cambridge: MIT Press.

Those interested in computational methods of general equilibrium analysis may want to consult:

John Shoven and John Whalley (1992). *Applying General Equilibrium*. Cambridge: Cambridge University Press.

Victor Ginsburgh and Michiel Keyzer (1997). *The Structure of Applied General Equilibrium Models*. Cambridge: MIT Press.

Joseph Francois and Kenneth Reinert, eds. (1997). *Applied Methods for Trade Policy Analysis: A Handbook*. Cambridge: Cambridge University Press.

Finally, for those with an interest in the historical and philosophical background to general equilibrium theory, the place to start is a series of excellent books by E. Roy Weintraub:

E.R. Weintraub (1979). *Microfoundations*. Cambridge: CUP.

E.R. Weintraub (1986). *General Equilibrium Analysis: Essays in Appraisal*. Cambridge: CUP.

E.R. Weintraub (1991). *Stabilizing Dynamics: Constructing Economic Knowledge*. Cambridge: CUP.

E.R. Weintraub (2002). *How Economics Became a Mathematical Science*. Durham: Duke University Press.

Examination format. Both exams will be made up of problems drawn from material covered in the lectures and reading. These problems will generally be in the nature of extensions of that material, not simply replication of the relevant content. Exams must be written in blue books, which you must supply.

Policy on examinations. The midterm exam will be given on tba. Unless you have a standard university accepted excuse for missing the exam (e.g. health with standard university form), you must take the exams at their scheduled time. The final examination will only be given on the scheduled date: tba (there will be no exceptions so do not make travel plans that conflict with this).

Policy on examinations. The midterm exam will be given on 9 March. Unless you have a standard university accepted excuse for missing the exam (e.g. health with standard university form), you must take the exams at their scheduled time. **The final examination will only be given on the scheduled date: 10 May, 8:00-12:00** (there will be no exceptions so do not make travel plans that conflict with this).