

MICROECONOMICS I

SECOND QUARTER: GENERAL EQUILIBRIUM THEORY AND WELFARE ECONOMICS

COURSE DESCRIPTION

This segment of the Ph.D. course sequence in microeconomic theory will cover general equilibrium theory and welfare economics. A selection of both classical and contemporary material will be taught. We shall prove only the most important results in class. The remainder will be stated and discussed.

Most of the material covered in this course was the product of research in the 1930's, 40's, 50's and 60's; it is older than you. If we progress fast enough, we will get into some material from the 1970's. By asking questions, it is easy to get me to run off on tangents to talk about more recent work or the personalities involved in the work, but this can slow us down.

COURSE REQUIREMENTS

By the end of the course, you are expected to have an idea of the methods currently used in the areas of microeconomic theory covered by the course, as well as a picture of the state of the field. To this end, there will be two homework sets during this segment of the course. Please hand in homework sets at the beginning of the class at which it is due, or to the TA. A closed book final examination covering mainly the material in this segment of the course will be held on **Saturday, December 15, 10:00AM — noon in Eliot 213** and will represent 80% of the grade for this half-semester. By closed book, I mean that you may not consult the text, your notes, or any other material, nor may you communicate with others while taking the exam. The homework will account for the remaining 20%. When combined with the first half of the course, the homework in this segment will account for 10% of the grade, while the final exam on December 15 will account for 40% of the grade. The exam will be based primarily on homework and class notes, as opposed to the text or additional reading.

Regarding homeworks, you are *encouraged* to work together. It is perfectly fine to get an answer from somebody else, provided that you tried to do it yourself first. I *expect* those with better math training to help the other students. Regardless of how you come by your answer, *you must write up the answer on your own*. We want to be able to give you feedback on proper writing style, so

that you are prepared to write well for tests (for example, the prelim). Some of the homework questions will be challenging. In general, you don't learn the material in more than a superficial way by attending lecture or reading the text. You learn the material in a substantial way through exercises.

I will not give an official grade lower than B-. But I will keep you informed about your "real" (though unofficial) grade. The real grade will forecast (imperfectly) your likely performance on the prelim. The prelim committee takes real grades into consideration when deciding whether a student with borderline prelim grades should pass prelims. Thus, the real grade matters.

A makeup exam will not be offered. Valid excuses for missing an exam include a verified illness or special family circumstances (e.g. death of a member of the immediate family). To be excused from an exam, you must give notification *before the exam begins* either to me or a department secretary. If you are excused, your course grade will then depend on your homework grade and on your performance on the other 503 exam.

GENERAL HELP SESSIONS

General help sessions will be held Fridays 10–11 AM in Cupples 1 room 115 during the remainder of the semester. There will be no session on November 24 (Thanksgiving break), but there will be a session on December 14, the day before the exam. These will be informal, and will be run by the TA. Please bring questions.

OFFICE HOURS

My office is located at 247 McMillan, my e-mail address is berliant@artsci.wustl.edu, and my phone is 935-8486. I am happy to answer questions via e-mail.

Office hours are Mondays and Wednesdays 11:30 AM — 12:30 PM (just after class) and by appointment. In general, I'm happy to see you, unless I'm busy with urgent matters. Given faculty recruiting, seminars, and my travel schedule, I might not be available during office hours on a particular day. For instance, there is a meeting at 11:30 AM on Halloween (October 31) that I must attend. Moreover, office hours will generally terminate at noon when there is a WFPP seminar; this will occur on November 5, November 19, and December 3. In all of these cases, I will be available later in the afternoon.

The TA for the course is Carmen Astorne-Figari. Her office is located at Eliot 210, her office hours are Thursdays 11:30 AM — 1:30 PM, and her e-mail address is cmastorn@artsci.wustl.edu.

READINGS

The homework and exam will be based primarily on the lectures. The textbook for the course is:

Mas-Colell, A., M.D. Whinston and J.R. Green, 1995, *Microeconomic Theory* (Oxford University Press).

Please use the text if I am unclear in class, or if you happen to miss a lecture.

A tentative lecture outline for the entire half-semester course follows.

A list of further readings on some of the topics follows the lecture outline. These readings are not required for this course, but are merely provided in case students are interested in learning more about the topics that we are studying only superficially in the allotted time. This list is by no means complete, but is only a subjective selection of some of the important work in each area.