Econ 752  
Microeconomic Theory II  

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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:  


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:  


At a more advanced level, the following are excellent:


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


On the application to trade:


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


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:


**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).
Topic I. Introduction

- Partial Equilibrium Analysis of Competitive Equilibrium
  - Varian, Chapter 13.
  - MWG, Chapter 10 a-d and f.

- General Equilibrium: Applying Microeconomic Tools to Macroeconomic Questions, Pure Exchange
  - MWG, Chapter 15, sections a-b
  - Varian, Chapter 17 and section 21.1.

- General Equilibrium: Applying Microeconomic Tools to Macroeconomic Questions, Simple Economies with Production
  - MWG, Chapter 15, section c.
  - Varian, Chapter 18.

Topic II. Pure General Equilibrium Theory

- Characterizing Equilibrium and Proving Existence
Problems/Extensions: Nonconvexities

- MWG, Chapter 17, section I

Problems/Extensions: Uncertainty

- Varian, Chapter 20.
- MWG, Chapter 19

General Equilibrium Comparative Statics?: The Sonnenschein-Debreu-Mantel Result

- MWG, Chapter 17, section d-f.


Midterm: Tuesday, 9 March.
No Class: Thursday, 11 March

**Topic III. Applied General Equilibrium Theory: Positive Analysis**

- **Introduction to Comparative Statics for Applied GE**

  - Silberberg and Suen, Chapter 18. [ERes]
  - MWG, Chapter 15, section d

- **Maximum Value Functions and Comparative Statics for General Equilibrium Analysis**
  - MWG, Chapter 17, section g

- **Applied General Equilibrium Theory: The Stolper-Samuelson Theorem, from $2 \times 2$ to $m \times n$.**

**Topic IV. Welfare Economics: Pure and Applied**

- **Fundamental Theorems of Welfare Economics**
  - Silberberg and Suen, Chapter 19, sections 1-3. [ERes]
  - MWG, Chapter 16
• Applied Welfare Economics, 1: Introduction

- MWG, Chapter 10 e.
- Silberberg and Suen, Chapter 19, section 7. [ERes]

• Applied Welfare Economics, 2: Commodity Taxation

- Myles, Chapter 4. [ERes]

• Applied Welfare Economics, 3: Distortions, Second-best, and Policy
- Silberberg and Suen, Chapter 19, sections 5 and 6. [ERes]
- MWG, Chapter 22, sections a-d
- Myles, Chapter 10. [ERes]

**Social Choice Theory: A (Very) Brief Introduction**

- MWG, Chapter 21

**Final Examination:** 10 May, 8:00-12:00.