Course Outline

Prerequisites: This class is intended for students accepted into the Ph.D. program, or with the permission of the instructor. The student should have successfully completed the equivalent of at least one semester of intermediate microeconomic theory.

Procedures: Class meetings will provide a mixture of lecture and discussion. Reading assignments are to be read before class meetings. To gain a fuller understanding, some of the assignments must be read several times.

Evaluation: Two major examinations will be given: a midterm (35%) and final (50%). Several problem sets requiring the usage of elementary calculus will be assigned (15%). The approximate weights for computation of class grade are indicated in parenthesis.

Texts: The following are listed as required text:


Most other assigned readings (denoted by asterisk) have been placed on e-reserves. Additional readings may be periodically assigned.

Nota bene: Elementary calculus will be used in class and in work assignments. You should be enrolled concurrently in Mathematical Economics (Economics 630). Those requiring a review might consider purchasing Carl P. Simon & Lawrence Blume, Mathematics for Economists, (W. W. Norton & Company, 1994) Mastery of this level of mathematics is sufficient for this class.

I. Basic Economic Theory (Review)

*1. Alchian & Allen, Exchange and Production, chs. 1, 2.


*3. Vickrey, Microstatics, pp. 3-11.


6. Wiener, The Human Use of Human Beings, pp. 1-66. (This is perhaps the best popular book on cybernetics.)
Methodology


II. The Theory of Exchange and Demand

A. Exchange

*1. Alchian & Allen, Exchange and Production, ch. 3.

*2. Hirshleifer & Hirshleifer Price Theory & Applications, chs. 2, 14

*3. Vickrey, Microstatics, ch. 3.


B. Indifference Curves


*2. Vickrey, Microstatics, pp. 20-51.


*4. Hicks, John, Value and Capital, ch. 1.

*5. Buchanan, James, Cost and Choice, ch. 3.


C. Demand Theory

*1. Hirshleifer & Hirshleifer Price Theory & Applications, ch. 5.

*2. Alchian & Allen, Exchange and Production, chs. 4, 5.


**Mid-Term Examination (Date to be announced)**

III. Cost and Supply

A. Costs & Output


*2. Viner, "Cost Curves and Supply Curves," (Reprinted in AEA, readings).


B. The Firm and the Market


IV. Competition and Monopoly

V. Other Models of the Firm

A. Monopolistic Competition


2. Chamberlain, The Theory of Monopolistic Competition, chs. 3-5.


B. Oligopoly


C. Other


VI. Demand and Supply of Factors of Production

A. Labor


B. Capital

*1. Hirshleifer & Hirshleifer, Price Theory & Applications, ch. 15.


*4. Alchian and Allen, Exchange and Production, chs. 6, 16, 19.


VII. Miscellaneous

*1. Hirshleifer & Hirshleifer, Price Theory & Applications, chs. 15, 16.


Final Examination

December 16, 2014 7:30 P.M. No Exceptions

SYMBOLS:
* = required reading
AER = American Economic Review
JPE = Journal of Political Economy
JLE = Journal of Law & Economics