Boston College
Department of Economics

EC 740 Microeconomic Theory I

Fall 2003

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Lectures MW 1:30–3:00, 304 Carney Hall.

Office Hours M 3:00–4:00, W 3:00–3:30, or by appointment.

Text Andreu Mas-Colell, Michael D. Whinston, and Jerry R. Green: *Microeconomic Theory*, OUP.

Readings The text has a long (and good) lists of references. Occasionally, I will refer you to some of these articles. Moreover, some of the problem sets will have questions about some of these articles. Don't worry, I won't ask you questions about the articles in the exams...

Exams Date: Friday, Dec. 12, 12:30. Its weight will be 45% of the course grade (that is, 90% of my share of it). *You have to attend the exam.* If you know in advance that you will not be able to take it, come and see me as early as possible. If you do not take the exam and you do not have a just reason, your grade for that exam will be zero. If you take the exam, its grade, whatever it is, will not be waived.

Homework There will be 5 problem sets. You have to solve and submit all of them. You'll get 2 points for each submitted set, provided you answered at least half of it. You have to submit each problem set one week after the day it was circulated. You have to submit at least 4 problem sets to be eligible to take the final exam.

Two important points.

1. All problem sets must be submitted electronically to the TA. You can choose whatever software you wish, but I strongly recommend SWP or LaTeX(or any other version of TeX. I'm using WinEdt and MiKTeX).

2. The problem sets contain a lot of questions. Please don't do all of them now (submitting about half of the first 3 problem sets will be enough). Keep the rest for the end of the term and for the comp exams so that you'll have a nice supply of fresh questions.

Lecture Notes Every week, I will distribute (electronically) a short summary of the previous week's lectures. *These notes are not supposed to substitute for the lectures.* Rather, the idea is that you'll have a handy summary of what we did. Also, I will provide you with solutions to the problem sets. Their aim is to help those of you who tried to solve a problem and want to check their solution (or to find out where they've gone wrong). Please let me know if you find any mistakes in the notes or the solutions.

Course Outline

1. Pareto efficiency: Definition, motivation, and properties.
2. Walrasian equilibrium: Definition and its connection to efficiency.
3. Walrasian equilibrium: Existence, uniqueness, and stability.
4. Monopolistic power.
5. Core: Definition, properties, and convergence to Walrasian equilibrium.
6. Mechanisms: Definition, properties, existence.