Boston College
Department of Economics

EC 740 Microeconomic Theory I

Fall 2008

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Lectures MW 1:30–3:00, 305 Carney Hall, with the following exceptions.

1. The lecture of Wednesday, September 3 will be given on Thursday, September 4, 1:30–2:45. The Ec720 lecture that we scheduled for that time will be given on Wednesday, September 3, instead.
2. No lectures on
   (a) Wednesday, September 17
   (b) Monday, September 29
   (c) Wednesday, October 1
   (d) Wednesday, October 8
   (e) Wednesday, October 15
   (f) Wednesday, October 22
3. Extra lectures in the seminar room on
   (a) Thursday, October 2, 10:30–11:45
   (b) Thursday, October 16, 10:30–11:45
   (c) Thursday, October 23, 10:30–11:45
4. Also, the following lectures will start at 12:45 in Carney 305
   (a) Monday, September 8
   (b) Wednesday, September 10
   (c) Monday, September 15
   (d) Monday, September 22
   (e) Wednesday, September 24

Website All problem sets, solutions, lecture notes, old exams, relevant articles etc. will be loaded to the course site at WebCT. Please familiarize yourself with it and make sure to check it at least twice a week (better check it daily).

Office Hours W 3:00–4:00 if there is a lecture on this day or by appointment. But see below.

Texts

1. Andreu Mas-Colell, Michael D. Whinston, and Jerry R. Green: *Microeconomic Theory*, OUP.
2. Ariel Rubinstein: *Lecture Notes in Microeconomic Theory: The Economic Agent*, Princeton UP. This text is available on line. Check Rubinstein's homepage for the latest version.

Readings The first 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.

Exams There will be two exams.

1. Midterm: October 20, class time, 40% of the final grade.
2. Final: TBA, 50% of the final grade (see "homework" below).

You have to attend both exams. If you know in advance that you will not be able to take an exam, come and see me as early as possible. If you do not take an exam and you do not have a just reason for it, 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 10 problem sets. You have to solve and submit all of them. You'll get 1 point 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.

Two important points.

1. All problem sets must be submitted electronically to the TA, Ms. Devlin Hanson <hansonde@bc.edu>. You can choose whatever software you wish, but I strongly recommend 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 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.[1] *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.

Some Other Points

1. I very strongly encourage you to participate and ask questions.
2. Please prepare a "name plate" to fold and to put in front of you during lectures. Create it using bold 72pt fonts in a word document.
3. I encourage you *not* to use computers in class. They are disruptive, and not very helpful as it is very hard to type math quickly.
4. The best way to communicate with me (except of course for during the lectures or office hours) is by email. I tend to answer emails until 1 or even 2am. Emails sent on Friday afternoon will not be answered till Saturday night. When you send me an email, make sure that the subject is "740" (or "741" next term).

Course Outline The first part will follow Rubinstein book (Ch. 1–7). We will then turn to the following topics.

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.

[1] In fact, I try to do it after every lecture.

5. Core: Definition, properties, and convergence to Walrasian equilibrium.
6. Mechanisms: Definition, properties, existence.