GENERAL EQUILIBRIUM AND WELFARE

This is a module in the graduate sequence in microeconomic theory. It builds on the analysis of optimization covered in the Fall by looking at the interaction of optimizing agents in a perfectly competitive setting.

Class meetings: MAT 105 – M W – 4:05 – 6:00 pm (9th & 10th periods)
                             January 7 to March 1

Text: Mas-Colell, Green, and Whinston, *Microeconomic Theory*, Oxford

(1)   Introduction to Welfare and Equilibrium: Chapter 10

(2)   Simple Models of Exchange and Production: Chapter 15

(3)   General Model: Chapters 16, 17 (a – c)

(4)   Social Welfare Functions:

>   Samuelson, *"Social Indifference Curves,"* QJE, 1956, 1-22.
>   Panzar & Willig, *"Vindication of a "Common Mistake" in Welfare Economics,*
>   JPE, Dec. 76, pp. 1361-1363

(5)   Core and Competitive Equilibrium: Chapter 18 (b & c)

(6)   Uniqueness and Stability: Chapter 17 (d – h),

(7)   Applications – Externalities and Public Goods: Chapter 11 (a – d)

>   Samuelson, "The Pure Theory of Public Expenditure," ReStat 36; 1954, pp. 387-
>   389
>   Hamilton, Sheshinski, and Slutsky, *"Production Externalities and Long-Run
>   Equilibria: Bargaining and Pigovian Taxation,"* Economic Inquiry, Vol.
>   27, July 1989, pp. 453-471