

ECO 7120: General Equilibrium and Welfare

Instructor: Steven Slutsky
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Office Hours: Wednesday, 4:00 – 5:00 pm
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Class Location: Matherly Hall 114

Class Meeting Time: Tuesday and Thursday, 11:45 to 1:40 pm

Course Prerequisites: Eco 7115

Course Textbook (required): Mas-Colell, Whinston, and Green. *Microeconomic Theory*

Course Description: 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. Conditions for equilibrium in all markets in the economy are developed. The relationship between competitive equilibrium and Pareto optimality is analyzed.

Course Objectives: Students who successfully complete this course will be able to analyze equilibrium and social welfare optimization in competitive circumstances.

Class Modality: This is a fully in-person half semester module. There will be a final exam which may be a take home exam or may be scheduled at a convenient time in person. The exam will be in the week of March 3.

Grading: The grade is largely based on the final exam. Given variability in difficulty of problem questions there will be a grading curve which typically has led to an average grade on the exams of around 3.5. There are also problem sets throughout the semester, which are mostly a learning experience. However, a student on the margin between two grades will receive the higher grade with a good performance on the problem sets and the lower grade with a poor performance. Unless otherwise told, you are allowed to work with your classmates while completing these problem sets. Working together can facilitate deeper learning of the material. You must, however, turn in your own work. Submitting a classmates' work as your own is a violation of the UF Student Honor Code.

Professionalism and Honor Code: Students are bound to not cheat or plagiarize, and are bound by The Honor Pledge which states, "We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honor and integrity by abiding by the Honor Code. On all work submitted for credit by students at the University of Florida,

the following pledge is either required or implied: ‘On my honor, I have neither given nor received unauthorized aid in doing this assignment.’”

You should familiarize yourself with the [UF Student Honor Code](#). Cheating and plagiarism are not the only violations of this policy. Importantly, ignorance of a policy is not a valid reason for violating it.

Students Requiring Accommodations: Students with disabilities requesting accommodations should first register with the Disabilities Resource Center (392-8565; <https://disability.ufl.edu/>), providing appropriate documentation. Once registered, students will receive an accommodation letter that can be presented to the instructor when requesting accommodations. Please register at the beginning of the course if seeking accommodations.

Course Evaluation: Students are expected to provide professional and respectful feedback on the quality of instruction in this course by completing course evaluations online via GatorEvals. Students will be notified when the evaluation period opens.

UF Teaching Center: The UF Teaching Center offers guidance on study skills and tutoring services. You can find more information at: <https://umatter.ufl.edu/office/teaching-center/>.

Health Counseling and Emergencies:

U Matter, We Care:

If you or a friend is in distress, please contact umatter@ufl.edu or 352 392-1575 so that a team member can reach out to the student.

Counseling and Wellness Center: <http://www.counseling.ufl.edu/cwc>, and 392-1575; and the University Police Department: 392-1111 or 9-1-1 for emergencies.

Sexual Assault Recovery Services (SARS)

Student Health Care Center, 392-1161.

University Police Department at 392-1111 (or 9-1-1 for emergencies), or <http://www.police.ufl.edu/>.

Course Topics

(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.