

Department: Economic Analysis
Area: Foundations of Economic Analysis
Teaching Unit: Economic Theory

Syllabus

ADVANCED MICROECONOMICS II

DEGREE IN ECONOMICS

Academic Course 2009-2010

Core Course
Second Cycle, 4^o year, 2^o semester
Credits: 4,5

Teacher: Amparo Urbano
Office: 3C08
Office hours:
Thursday: 9:30-12:30
Friday: 9:30-12:30

TEXT BOOKS

Gravelle, H. y Rees, R. (GR) (1992), *Microeconomics*, 2nd ed., London:Longman.

Varian, Hal R. (V) (1992), “*Microeconomic Analysis*” (W.W. Norton, 3e: 1992).

Varian is known for being very clear and to-the-point. Less formal than MWG and more selective in content

Mas-Colell / Whinston / Green (MWG) “*Microeconomic Theory*” (Oxford, 1e: 1995)

The indispensable standard. You’ll read it cover to cover, probably more than once.

**Jehle, G.A. y Reny, P.J. (2000), *Advanced Microeconomic Theory*, Reading, Massachusetts:
Addison-Wesley 2^o-edition.**

Although an advanced undergraduate text, it covers similar content to MWG and can serve as an introduction.

**Silberberg, E. (1990), *The Structure of Economics. A Mathematical Analysis*, 2nd ed., New
York:McGraw-Hill**

SYLLABUS

Lesson 1. General Equilibrium I: Walrasian Equilibrium

- 1.1 Introduction.
- 1.2 Walrasian Equilibrium in an Exchange Economy.
- 1.3 Existence of Walrasian Equilibrium.

References: (GR) 3E, 16C and Appendix. (V) 17.1 – 17.4

Lesson 2. General Equilibrium II: Edgeworth's Theory of Exchange

- 2.1 Edgeworth's Theory of Exchange
- 2.2 Walrasian Equilibrium and Core
- 2.3 Replica Economies and the contraction of the Core.

References: (V) pages. 378-380 y 21.1

Lesson 3. Economics of Welfare

- 3.1 The Fundamental Theorems of Welfare.
- 3.2 Social Welfare functions.
- 3.3 Arrow's impossibility Theorem.

References: (V) págs. 381-382 y 17.7. Starr (1997, 2.8).¹ (GR) págs. 475-77, 485-87 y 502-504.

Lesson 4. Market Failures and the Theory of the second best

- 4.1 Public Goods.
- 4.2 Externalities
- 4.3 The Theory of the second best.

References: (V) 23.4, 23.5, 23.7, 24.1 y 24.2. (GR) 18C

Lesson 5. Uncertainty and The Economics of Information

- 5.1 Expected utility and risk aversion.
- 5.2 The Principal-Agent set up.
- 5.3 Moral Hazard problems.
- 5.4 Adverse Selection problems.

References: (V) Caps. 11 y 25.

¹ Ver textos complementarios.