This course will primarily focus on how resources are allocated among groups of agents. Taking standard demand theory as given, we will study the classical concepts of competitive equilibrium and of the core, the first and second fundamental welfare theorems, etc.

Each week, there will be a homework assignment due, which is to be handed in during class. Late homework will not be accepted. There will also be a midterm, and a final examination. Homework will total 30%, the midterm will be 30%, and the final exam will be 40%.

The text used for this course will be Hal Varian’s “Microeconomic Analysis,” however, much of the course work will stray away from notions discussed in this book.

A tentative schedule is as follows:
Jan. 15: Finish existence. First fundamental welfare theorem. Arrow’s example on the converse.
Jan 24: Varian 17.8-17.9. Negishi conditions and other characterizations of Pareto optimal allocations. Counterexamples in nonconvex economies.
Feb. 2: More on Debreu-Scarff. Large economies and elimination of nonconvexities.
Feb. 9: Midterm examination
Feb. 11: Varian 23: Public goods, 23.7, Lindahl allocations and the Kolm triangle
Feb. 18: 23.8, Demand revelation with quasilinear preferences, Groves-Clarke-Vickrey and the pivotal mechanism.
Feb. 20: Voting and the Condorcet Paradox. Normative conditions for a social choice rule.
Feb. 27: Arrow’s general possibility theorem.
Mar. 7: Incentive compatible mechanisms. revelation principle, Dominant-strategy implementation without quasilinear preferences.
Mar. 9: Gibbard-Satterthwaite theorem
Mar. 16: Final exam