

Economics 204
Spring 2008
Core Microeconomics
Professor Matthew O. Jackson

Office: 241 Landau;
Phone: 650 723-3544;
Email: jacksonm@stanford.edu

The following provides an outline of the topics that we will cover in the course.

There are several textbooks that you may consult for background readings on most of these subjects. They are:

Microeconomic Theory, Andreu Mas-Colell, Michael Whinston, and Jerry Green, Oxford University Press, 1995.

A Course in Microeconomic Theory, David Kreps Princeton University Press, 1990.

Microeconomic Analysis, Hal Varian, Norton Press, 1978.

You each should have access to the text by Mas-Colell, Whinston, and Green, (henceforth MWG) by now. That is the only required text. The texts above have very different styles and so if you find MWG a bit challenging at times, you may benefit from consulting one of the other texts, me, or your classmates for enlightenment. MWG provides the most comprehensive treatment of most of the topics that we will cover in this course. In each of the topics below I list the appropriate chapters from each text.

The course has biweekly problem sets and a final exam (the comprehensive exam). Each problem set covers a significant amount of material, and so leaving it until the night before it is due is not a good idea. You may consult with your classmates on the problem sets, but not until you have worked through each problem on your own. Late problem sets are accepted without prior permission and good reason.

Syllabus

Markets and Uncertainty

- Introduction and Overview (1 lecture - April 2)
- Rational Expectations Equilibrium and No Trade Theorems (2 lectures - April 7 and 9)
MWG 19, Kreps 6.5, Varian 6.2-6.4, Aumann Article.

Collusion and Cooperation

- Core Convergence and Walrasian Equilibrium, (1.5 lectures - April 14 and 16)
MWG 18.
- Cooperative Game Theory (1.5 lectures - April 16 and 21)
MWG 18.

Market Imperfections

- Information Asymmetries: Moral Hazard and the Principal-Agent Problem. (2 lectures - April 23 and 28)
MWG 14, Kreps 16, Varian 8.4
- Information Asymmetries: Adverse Selection and Screening. (2 lectures - April 30 and May 5)
MWG 13, Kreps 17, Varian 8.1-8.3.

Beyond Markets: Social Choice Theory and Mechanism Design

- Arrow's Theorem, Collective Decision Making, Gibbard-Satterthwaite Theorem, (2 lectures - May 7 and 12)
MWG 21, Kreps 5
- Mechanism Design: Incomplete Information and Inefficient Bargaining, Public Goods, VCG Mechanisms (3 lectures - May 14, 19, 21)
MWG 23, Kreps 18, Mechanism Theory Handout