

Johann Wolfgang Goethe-University
Ph.D. Program in Economics

Prof. Dr. Matthias Blonski
Sommersemester 2005

Advanced Microeconomic Theory II

Course Description:

General equilibrium together with game theory is considered by many economic theorists as one of the main two pillars of mainstream economic reasoning. Most subfields of economics, in particular macroeconomics, finance, monetary economics and public finance rely heavily on methodology originating in general equilibrium theory.

Advanced Microeconomic Theory II is an introduction to the classic field of general equilibrium. Substantial parts of the lecture and the mandatory integrated tutorial are devoted to methodology and the systematic development of advanced modelling techniques.

Class Time and Location:

Lectures: Monday, 2:15 pm – 3:45 pm, Room: 120B; Wednesday, 10:15 am – 11:45 am, Room: 120B.

Discussion Sections: The discussion sections (held by Ulf v. Lilienfeld-Toal) will primarily go over the solution of the problem sets.

Course Website:

<http://www.wiwi.uni-frankfurt.de/Professoren/blonski/start.htm>

Course Requirements:

Grading for this part of the course will be based on the problem sets (25%) and the final exam for this part of the course (75%).

Course Logistics:

Office Hours: By Appointment.

Texts:

Starr, R., *General Equilibrium Theory*, Cambridge University Press, Cambridge, 1997.

Hildenbrand, W. and A. Kirman, *Equilibrium Analysis*, North Holland, Amsterdam 1988.

Mas-Colell, A., M. Whinston and J.Green, *Microeconomic Theory*, Oxford University Press, Oxford 1995.

Varian, H., *Microeconomics*, Norton, New York, 3rd Edition 1992.

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

Arrow, K.J. and F. Hahn, *General Competitive Analysis*, Holden-Day, San Francisco 1971.

Debreu, G., *Theory of Value*, Wiley, New York 1959.

Ellickson, B., *Competitive Equilibrium, Theory and Applications*, Cambridge University Press, Cambridge 1993.

Handbook of Mathematical Economics, Four Volumes, North Holland, Amsterdam.

Course Outline:

Session 1

Lecture Topic:

Robinson Crusoe, Ada and Bill

Readings:

Starr, Ch. 1

Session 2

Lecture Topic:

Mathematics (2 Weeks)

Readings:

Hildenbrand/Kirman, Mathematical Appendix

Session 3

Lecture Topic:

An Economy with Bounded Technology, Supply and Demand (4 Weeks)

Readings:

Starr, Ch.'s 3 - 7

Session 4

Lecture Topic:

Unbounded Economies (2 Weeks)

Readings:

Starr, Ch.'s 8 - 11

Session 5

Lecture Topic:

Welfare Economics (2 Weeks)

Readings:

Starr, Ch. 12

Session 6

Lecture Topic:

Core and Replica Economies (2 Weeks)

Readings:

Starr, Ch.'s 13 - 14

Session 7

Lecture Topic:

Overlapping Generations (2 Weeks)

Readings:

Mas-Colell et al., Ch. 20