230333 Part 2/230410 Microeconomics 3 (CentER)

Instructor

Christoph Walsh, Department of Econometrics
Email: `cbtwalsh@uvt.nl`

Tutor

Duangrat Prajaksilpthai, Department of Economics
Email: `d.prajaksilpthai@tilburguniversity.edu`

Required Prerequisites

Quantitative Methods (CentER), Microeconomics 1 (CentER) and Microeconomics 2 (CentER)

Textbook

Andreu Mas-Colell, Michael D. Whinston and Jerry R. Green, *Microeconomic Theory*, Oxford University Press (1995), *ISBN: 0-19-510268-1*

Instruction

There will be 7 two-hour lectures and 4 two-hour tutorials.

Assessment

Homework: There will be two homework assignments in this part of the course. The homework assignments will count for 20% of the total grade. You are permitted to work in groups but each student must submit their own solutions.

Exam: The final exam is closed book and will count for 80% of the total grade. The resit of the written exam will also count for 80%. There will not be a resit for the homework assignments.

Overview

General equilibrium occurs when prices are such that, for each good, aggregate demand equals aggregate supply plus the total endowment. In this course we will study the welfare properties, existence, uniqueness and stability of equilibria. We will also study the consequences of externalities and public goods in the economy.

Learning Goals

After taking this part of the course, students will be able to:

- solve for the partial equilibrium in models with externalities and public goods;

- solve for the general equilibrium in both pure-exchange economies and models with production;

- prove the two fundamental theorems of welfare economics; and

- prove existence, uniqueness and stability of equilibria.

Topics and Book Chapters

We will cover the following topics in this course:

- Competitive Markets (Ch. 10)

- Externalities and Public Goods (Ch. 11 A-D)

- General Equilibrium: An Introduction (Ch. 15 A-D)

- Welfare Theorems (Ch. 16 A-F)

- Equilibrium Existence, Uniqueness and Stability (Ch. 17 A-D, F, H)