This course is a continuation of Econ 7010. In that course you studied the behavior of individual consumers and firms. In this course we will explore the economic behavior of collections of firms and/or consumers. We will study models of interactions between groups of optimizing agents.

At first we will consider a monopoly serving many consumers. Then we will discuss small numbers of consumers and/or firms. This will include game theory and oligopoly. We will then turn to several models which involve many interconnected markets. We will analyze general equilibrium models in exchange economies and in economies with production. We will briefly describe how uncertainty can be incorporated into a general equilibrium model. We will explore the behavior of so-called perfect competition, including its efficiency properties. To finish the course we will consider public goods and externalities.

Course Requirements

You must have taken Econ 7010 before taking this course. Your grade will be based on two exams and a group project. Homework will be assigned for practice, but will not be graded. I encourage you to discuss the homework with other students in the class, and/or during review sessions on Fridays from 11:00 - 11:50 in room Econ 5. The weights are as follows:

Project: 10 %
Midterm: 40 %
Final: 50 %
Textbooks


Course Outline

| Ch. 14 | Monopoly |
| Ch. 15, (11*, 12*, 13*, 14*) | Game Theory |
| Ch. 25 | Principal-Agent |
| Ch. 10* | Oligopoly |
| Ch. 17 | Exchange |
| Ch. 18 | Production |
| Class Notes | Contingent Commodities |
| Ch. 21 | Equilibrium Analysis |
| Ch. 23 | Public Goods |
| Ch. 24 | Externalities |

* Kreps