

Capacity Building Program

Outline

- Unit Wise Discussion on Microeconomics I & II
- Reference Materials Unit/Sub-unit wise
- Discussion and Feedback

Unit 1. Methodological Concepts

Sub-unit/Content	Reference Materials
Equilibrium- meaning and stability test, static, dynamic and comparative statics	https://research.vu.nl/ws/portalfiles/portal/42174011/complete+dissertation.pdf
Methods of analysis- inductive, deductive, hypothetico-deductive	<p>Deductive versus inductive reasoning: A closer look at economics C F Johnson The Social Science Journal Volume 33, Issue 3, 1996, Pages 287-299</p> <p>The hypothetico-deductive method https://doi.org/10.1017/UPO9781844653881.008</p>
Models in economics	http://tarjaknuuttila.com/wp-content/uploads/2018/06/Handbook_Models_Economics_Morgan-Knuuttila.pdf
Assumption, hypothesis , empiricism in economics	T. Morgan (1988). <i>Theory VS Empiricism in Economics</i> published in Journal of Economic Perspectives
Scientific paradigm of economics	G E Peabody (1971) <i>Scientific Paradigm and Economics</i> published in Review of Radical Political Economics

Unit 2. Consumer Behavior

Contents	Reference Materials
Preference ordering, consumption Decision Comparative statics analysis of consumer behavior – price change, income change, separation of PE into SE and IE, Derivation of demand curves	Gravelle & Rees ‘ Microeconomics’ Chapter 3 Page No. 68-101
Duality in consumer behavior, expenditure function, indirect utility function	Gravelle & Rees ‘ Microeconomics’ Chapter 4 Page No. 105-124
Revealed Preference Theory, Lancasterian Demand theory,	Gravelle & Rees ‘ Microeconomics’ Chapter 5 Page No. 133-149
Linear Expenditure System	Henderson & Quant ‘ Microeconomic Theory Chapter 3 Page No. 37-39

Unit 3. Behavior under Uncertainty

Contents	Reference Material
Consumption and uncertainty	Frank Cowell ' Microeconomics' Chapter 8 Page No 178-180
Expected Utility, N-M Utility, Friedman-Savage Hypothesis	Henderson & Quant ' Microeconomic Theory Chapter 3 Page No. 52-60
Allias and Ellsberg Paradox	https://faculty.washington.edu/jmiyamot/p466/lec07-2.p466.a17.pdf
Insurance Market-Moral Hazard, Adverse Selection	https://core.ac.uk/download/pdf/47147021.pdf Philippe De Donder & Jean Hindriks

Unit 4. Technology

Contents	Reading Materials
Measurement of input and output	H R Varian 'Microeconomic Analysis' Chapter I
Producer's equilibrium, effect of change in outlay on equilibrium	Henderson & Quant 'Microeconomic Theory' Chapter 4
Homogeneous and Homothetic technologies	H R Varian 'Microeconomic Analysis' Chapter I
C-D, CES and Leontief Production technology	H R Varian 'Microeconomic Analysis' Chapter I
Derivation of cost function from production function	Henderson & Quant 'Microeconomic Theory' Chapter 4

Unit 5. Market

Content	Reference Material
Competitive market: demand and supply function, cost and revenue function, identical cost function Short-run & long-run equilibrium of firm and industry, taxes and subsidies	H R Varian 'Microeconomic Analysis' Chapter 13
Monopoly, special cases of monopoly Comparative statics Welfare and output, quality choices Price discrimination, tying and bundling	H R Varian 'Microeconomic Analysis' Chapter 14
Monopolistic Competition, Cartel	A Koutsoyiannis 'Modern Microeconomics' Chapter 8 Chapter 10 page No 337-252

Unit 1. Welfare Economics

Contents	Reference Materials
Pigovian welfare economics Criteria for social welfare	Koutsoyiannis ' Modern Microeconomics' Chapter 23 Page No 524-530
Social welfare function	Frank Cowell ' Microeconomics' Chapter 9, Mas-Colell & Others ' Microeconomic Theory' Chapter 22 825-831
Theory of second best	https://learn.canvas.net/courses/1446/files/549425/download?download_frd=1
Arrow's impossibility theorem	https://econweb.ucsd.edu/~rstarr/113 Winter2012/Sen's%20ARRO- COL%2009A.pdf
Rawl's theory of social justice	https://www.csus.edu/indiv/c/chalmers k/econ184sp09/johnrawls.pdf

Unit 2. General Equilibrium

Contents	Reference Material
Walras model, Existence, Uniqueness & Stability, Excess demand function approach, Perfect competition & general equilibrium,	Mas-Colell & Others ‘ Microeconomic Theory’ Chapter 15 Page 511-538 Koutsoyiannis ‘ Modern Microeconomics’ Chapter 22 Page No 479-517

Unit 3. Market failure & public goods

Contents	Reference Materials
Reasons for market failure, Government intervention, Theory of second best, Pigovian & Coasian solution	Gravelle & Reese ' Micereconomics' Chapter 18
Theory of public goods-provision and pricing Free riding, rent seeking & regulation	https://scholar.harvard.edu/files/stantcheva/files/lecture8.pdf Free Riding and Inefficiency of Private Production of Pure Public Goods by Cornes (1996) in Canadian Journal of Economics Rent Seeking and Economics of Corruption by T.S.Aidt (2016) in Constitutional Political Economy

Unit 4. Input Market

Contents	Reference Materials
Demand & supply of inputs and input price determination in perfectly and imperfectly competitive markets Pricing of Fixed Factors	A. Koutsoyiannis ' Modern Microeconomics' Chapter 21 Page No. 437-475
Choice of optimal combination of inputs	A. Koutsoyiannis ' Modern Microeconomics' Chapter IV Page No. 86-92

Unit 5. Duopoly and Oligopoly Markets

Contents	Reference Materials
Cournot, Bertrand, Stackekberg, Chamberlin, Kinked demand curve	H R Varian Chapter 16 Page 285-298 Handerson and Quant Chaprter 8 A. Koutsoyiannis ' Modern Microeconomics' Chapter 9 Page No 216-236
Cartel and Price leadership	A. Koutsoyiannis ' Modern Microeconomics' Chapter 10 Page No 237-251