

GRADUATE PRICE THEORY II

Reading List

Text: Milton Friedman, Price Theory, Aldine, 1976.

Supplementary Texts (purchase not required):

Gary S. Becker, Economic Theory, Knopf, 1971.
George J. Stigler, Theory of Price, Macmillan, 1966.
P.R.G. Layard & A.A. Walters, Microeconomic Theory

Supplementary Readings (purchase not required):

W. Breit & H. Hochman (eds), Readings in Microeconomics, Holt, Rinehart & Winston, paperback.
R.G.D. Allen, Mathematical Analysis for Economists, Macmillan, paperback.
J.R. Hicks, Value and Capital, Oxford.
P. Samuelson, Foundations of Economic Analysis, Harvard, paperback.

Note: Students are expected to be familiar with the materials in Stigler's Theory of Price before entering the course. Readings marked with an asterisk are recommended, not required.

I. Introduction

Friedman, Price Theory, Chap. 1
Becker, Economic Theory, Chap. 1
Stigler, Theory of Price, Chaps. 1-3
M. Friedman, "The Methodology of Positive Economics," Essays in Positive Economics, Reprinted in Breit & Hochman, Readings, pp. 23-47.
F. Knight, "Social Economic Organization," in Breit & Hochman, Readings.

II. Utility and Demand Theory

Friedman, Price Theory, Chaps. 2, 3, 4
Becker, Economic Theory, Chaps. 2, 3, 4
Stigler, Theory of Price, Chaps. 4, 5
Hicks, Value and Capital, pp. 11-52, *303-314
Working, "What do Statistical Demand Curves Show?" QJE 41 (February 1927).
Reprinted in AEA, Readings in Price Theory, Irwin, pp. 97-115.
Friedman, "A Reply," JPE (June 1954).
*Stigler, "The Early History of Empirical Studies of Consumer Behavior," JPE (April 1954).
*Knight, Risk, Uncertainty and Profit, Chap. 3.
Houthakker, "The Present State of Consumption Theory," Econometrica (Oct., 1961).
*Samuelson, Foundations of Economic Analysis, Chaps. 5, 6.
*Allen, Mathematical Analysis for Economists, Chaps. 5-14.
Alchian, "The Meaning of Utility Measurement," AER (March 1953). Reprinted in Breit & Hochman, Readings, Chap. 4.
Becker, "Irrational Behavior and Economic Theory," JPE (February 1962).
Friedman & Savage, "The Utility Analysis of Choices Involving Risk," JPE (August 1948). Reprinted in Readings in Price Theory, pp. 57-96.
Becker, "A Theory of the Allocation of Time," EJ (September 1965).
K. Lancaster, "A New Approach to Consumer Theory," JPE (April 1966), pp. 132-51.
S. Rosen, "Hedonic Market Prices and Implicit Markets," JPE (January 1974).
I. Ehrlich & G. Becker "Market Insurance, Self Insurance, and Self Protection" JPE, 1972.

III. Supply Analysis and the Theory of the Firm

Friedman, Price Theory, Chaps. 5-10.
Becker, Economic Theory, Chaps. 5, 7-8.
Stigler, Theory of Price, Chaps. 6-9.
Hicks, Value and Capital, Chaps. 6-7.
AEA, Readings in Price Theory, articles by Viner, Robinson, & Coase, pp. 198-241, 331-351.
Alchian & Demsetz, "Production, Information Costs, and Economic Organization," AER, May 1972.
*Alchian, "Cost and Output," in Abramovitz et al., The Allocation of Economic Resources, Stanford, 1959. Reprinted in Breit and Hochman, Readings, pp. 160-172.
* Dorfman, "Mathematical or 'Linear' Programming," AER (December 1953).
*Samuelson, Foundations of Economic Analysis, Chap. 4.
*Allen, Mathematical Analysis for Economists, Chap. 19.

IV. Market and Industrial Organization

Becker, Economic Theory, Chap. 6.
Stigler, Theory of Price, Chaps. 10-13.
*Stigler, "Perfect Competition, Historically Contemplated," JPE (Feb., 1957).
Harberger, "Monopoly and Resource Allocation," in AEA Papers and Proceedings (May 1954).
Chamberlin, The Theory of Monopolistic Competition, Chaps. 3, 5.
Demsetz, "The Nature of Equilibrium in Monopolistic Competition," in Breit & Hochman, Readings, Chap. 19.
Archibald, "Chamberlin vs. Chicago," RES 39 (1961).
Demsetz "Do Competition and Monopolistic Competition Differ?" JPE (Feb. 1968).
Barzel "Excess Capacity in Monopolistic Competition," JPE, Sept. 1970.
*Stigler, "Monopolistic Competition in Retrospect" in Stigler, The Organization of Industry, pp. 309-21.
*Telser, "Advertising and Competition," JPE (Feb. 1964).
Stigler, "A Theory of Oligopoly," JPE (February 1964). Reprinted in Stigler, The Organization of Industry, pp. 39-63.
*Patinkin, "Multiple Plant Firms, Cartels and Imperfect Competition," QJE (Feb. 1947). Reprinted in Breit & Hochman, Readings, pp. 297-316.
*Modigliani, "New Developments on the Oligopoly Front," JPE (June 1948).
Stigler, "The Economics of Information," JPE (June 1961). Reprinted in Stigler, The Organization of Industry.
Rothschild, "Models of Market Organization with Imperfect Information: A Survey," JPE (1973).
Alchian, "Information Cost, Pricing and Resource Unemployment," in E.S. Phelps et al., Microeconomic Foundations of Employment and Inflation Theory, Norton, 1969, pp. 27-52.
Akerlof, "The Market for Lemons" QJE 1975.

V. Welfare Economics

Harberger, "Taxation, Resource Allocation and Welfare," in Role of Direct and Indirect Taxes in the Federal Revenue System, NBER & Brookings, 1964.
Bator, "Anatomy of Market Failure," QJE (Aug. 1958). Reprinted in Breit & Hochman, Readings, pp. 385-413.
Harberger, "Three Basic Postulates for Applied Welfare Economics," JEL 9 (Sept. 1971): 785-797.
*Hotelling, "The General Welfare on Relation to Problems of Taxation and of Railway and Utility Rates," Econometrica (July 1938).
*Samuelson, Foundations of Economic Analysis, Chaps. 7, 8.
Coase, "The Problem of Social Cost," JLE (Octo. 1960). Reprinted in Breit & Hochman, Readings, pp. 423-456.