Mr. Harberger
ECONOMICS 301
Winter 1980
Mr. Topel
University of Chicago
GRADUATE PRICE THEORY II

Reading List

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

Supplementary Texts (purchase not required):
P.R.G. Layard & A.A. Walters, Macroeconomic Theory

Supplementary Readings (purchase not required):
W. Brett & H. Hochman (eds), Readings in Microeconomics, Holt, Rinehart &
Winston, paperback.
J.R. Hicks, Value and Capital, Oxford.

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 Brett & Hochman, Readings, pp. 23-47.

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, #303-312
Working, "What do Statistical Demand Curves Show?" QJE 41 (February 1927).
Reprinted in AEA, Readings in Price Theory, Irwin, pp. 97-135
Stigler, "The Early History of Empirical Studies of Consumer Behavior,
JPE (April 1954).

*Knight, Risk, Uncertainty and Profit, Chap. 3.
*Samuelson, Foundations of Economic Analysis, Chaps. 5, 6.
*Allen, Mathematical Analysis for Economists, Chaps. 5-16.
Brett & Hochman, Readings, Chap. 4.
Friedman & Savage, "The Utility Analysis of Choices Involving Risk," JPE
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. 6-8.
Hicks, Value and Capital, Chaps. 6-7.
AEA, Readings in Price Theory, articles by Yavner, Robinson, & Coase, pp.
Alchian & Demsetz, "Production, Information Costs, and Economic Organization,
AEA, May 1972.
*Alchian, "Cost and Output," in Abramovitz et al., The Allocation of
*Domar, "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.
Harberger, "Monopoly and Resource Allocation," In AEA Papers and Proceedings
(May 1954).
Demsetz, The Nature of Equilibrium in Monopolistic Competition," in Brett
& Hochman, Readings, Chap. 19.
Demsetz "Do Competition and Monopolistic Competition Differ?" JPE (Feb. 1968).
Stigler, "Monopolistic Competition in Retrospect" in Stigler, The Organization
*Telzer, Advertising and Competition, JPE (Feb. 1964).
*Pathkin, "Multiple Plant Firms, Cartels and Imperfect Competition," JRE
*Stigler, The Economics of Information," JPE (June 1964). Reprinted in Stigler,
The Organization of Industry.
Rothschild, The Search for Market Organization with Imperfect Information: A
Alchian, "Information Cost, Pricing and Resource Unemployment," in E.S.
Pheps et al., Microeconomic Foundations of Employment and Inflation

V. Welfare Economics

Harberger, "Taxation, Resource Allocation and Welfare," in Role of Direct and
Hochman, Readings, pp. 383-413.
Harberger, "Three Basic Postulates for Applied Welfare Economics," JRE 9
(Sept. 1971), 795-797.
Hotelling, The General Welfare and the Problems of Taxation and of
Railway and Utility Rates, Econometrica (July 1938).
*Samuelson, Foundations of Economic Analysis, Chaps. 7, 8.
man, Readings, pp. 423-456.