

**MICRO ECONOMICS II****Extended Reading List****I. Economics and Competitive Markets****A. Introduction to Economic Models of Rational Choice**

- Buchanan, J. M. (1969) *Cost and Choice*. Chicago: Markham Publishing Company.
- Frank, R. H. (1987) "If Homo Economicus Could Choose His Own Utility Function, Would He Want One With a Conscience?" *American Economics Review* 77: 593-604.
- Friedman, M. (1953) "The Methodology of Positive Economics," In *Essays in Positive Economics*. Chicago: University of Chicago Press.
- Hayek, F. A. (1967) *Studies in Philosophy, Politics and Economics*. Chicago: University of Chicago Press. (See especially chapter 1.)
- Hicks, J. R. (1979) *Causality in Economics*. New York: Basic Books.
- Mas-Colell, A., Whinston, M. D., and Greene, J. R. (1995) *Microeconomic Theory*. Oxford: Oxford University Press. (See especially chapter 1.)
- Samuelson, P. A. (1983) *Foundations of Economic Analysis*. Cambridge: Harvard University Press. (See especially chapters 3 and 5.)

**B. Production Alone and on Teams**

- Alchian, A. and H. Demsetz (1972) "Production, Information Costs, and Economic Organization" *American Economics Review* 62, 777-795.
- Buchanan, J. M. (1965) "An Economic Theory of Clubs" *Econometrica* 32, 1-14.
- Coase, R. (1937) "The Nature of the Firm." *Economica* 386-405.
- Georgescu-Roegen, N. (1970) "The Economics of Production," *American Economic Review* 60: 1-9.
- Hicks, J. R. (1939) *Value and Capital*. Oxford: Carendon Press.
- Knight, F. H. (1921) "Cost of Production and Price over Long and Short Periods," *Journal of Political Economy* 29: 304-335.
- Pasinetti, L. L. (1977) *Lectures on the Theory of Production* New York: Columbia University Press.
- Smith, A. (1776/1981) *An Inquiry into the Nature and Causes of the Wealth of Nations*. (Oxford: Oxford University Press.) Indianapolis: Liberty Fund Inc. (Look especially at Book I: Chapters 1-5.)
- Weber, M. (1947) *Social and Economic Organization*. (Translated by Talcott Parsons) New York: Oxford University Press.

**C. Micro Foundations of Supply and Demand**

- Chung, J. W. (1994) *Utility and Production Functions*. Oxford: Blackwell Publishers.
- Frank, R. H. (1985) "The Demand for Unobservable and Other Nonpositional Goods," *American Economic Review*, 75: 101-116.
- Lancaster, K. (1966) "Change and Innovation in the Technology of Consumption," *American Economics Review* 56: 12-23.
- Leibenstein, H. (1950) "Bandwagon, Snob, and Veblen Effects in the Theory of Consumers' Demand," *Quarterly Journal of Economics*.
- Marshall, A. (1920) *Principles of Economics, 8th Ed*. New York: Macmillan Co., Chapters 1-5.
- Samuelson, P. A. (1983) *Foundations of Economic Analysis*. Cambridge Mass: Harvard University Press.

**D. Monopolistic and Competitive markets**

- Baumol, W. J. (1982) "Contestable markets: An Uprising in the Theory of Industry Structure," *American Economic Review* 72:1-19.
- Chamberlin, E. H. (1950) *The Theory of Monopolistic Competition*. Cambridge Mass.: Harvard University Press.
- Harberger, A. C. (1954) "Monopoly and Resource Allocation," *American Economics Review*.
- Hayek, F. A. (1978) "Competition as a Discovery Process," *New Studies in Philosophy, Politics, Economics, and the History of Ideas*. Chicago: University of Chicago Press (Ch. 12).
- Knight, F. H. (1921/71) "Minor Prerequisites for Perfect Competition," *Risk Uncertainty and Profit*. Chicago: University of Chicago Press (Ch. 6).
- Lancaster, K. (1975) "Socially Optimal Product Differentiation," *American Economic Review* 65: 567-585.
- Plott, C. R. (1981) "Theories of Industrial Organization as Explanations of Experimental Market Behavior," in *Strategy, Predation and Antitrust Analysis*, Salop, S. Ed. *Federal Trade Commission*.
- Posner, R. A. (1975) "The Social Costs of Monopoly and Regulation," *Journal of Political Economy* 83: 807-827.
- Robinson, J. (1934) "What is Perfect Competition?" *Quarterly Journal of Economics* 49-120.
- Schumpeter, J. A. (1942) "The Process of Creative Destruction," *Capitalism Socialism and Democracy*. New York: Harper and Row (Chap 7).
- Spence, M. A. (1981) "Competition, Entry and Antitrust Policy," *Federal Trade Commission*. (Included in *Micro Economics: Selected Readings*, E. Mansfield, Ed. 1985.)
- Stigler, G. J. (1957) "Perfect Competition Historically Contemplated," *Journal of Political Economy* 65: 1-17.

## II. "Imperfect" Markets

### A. Externalities

- Bator, F. M. (1958) "Anatomy of Market Failure," *Quarterly Journal of Economics*.
- Baumol, W. J. (1972) "On the Taxation and Control of Externalities" *American Economic Review* 62: 307-322.
- Buchanan, J. M. and Stubblebine W. C. (1962) "Externality," *Economica* 29: 371-384.
- Coase, R. H. (1960) "The Problem of Social Cost," *Journal of Law and Economics*
- Cornes, R. and T. Sandler (1986) *The Theory of Externalities Public Goods and Club Goods*. Cambridge: Cambridge University Press.
- Cropper, M. L. and Oates, W. E. (1992) "Environmental Economics: A Survey." *Journal of Economic Literature* 30: 675-740.
- Davis, O. A. and Whinston, A. B. (1967) "On the Distinction between Public and Private Goods" *AER* 57: 360-373.
- Demsetz, H. (1967) "Toward a Theory of Property Rights," *American Economic Review* 57:347-359.
- Isaac, R. M., Walker, J. M. and Williams, A. W. (1994) "Group Size and the Voluntary Provision of Public Goods: Experimental Evidence," *Journal of Public Economics* 54:1-36.
- King, M. (1986) "A Pigovian Rule for the Optimal Provision of Public Goods," *Journal of Public Economics* 30: 273-291.
- Pigou, A. C. (1932) *The Economics of Welfare*, 4th Ed.. London:Macmillan
- Ostrom, E. (1990) *Governing the Commons*, Cambridge: Cambridge University Press.
- Samuelson, P. A. (1954) "The Pure Theory of Public Expenditures," *Review of Economics and Statistics* 36: 387-389.

### B. Entrepreneurship and Disequilibrium

- Knight, F. H. (1921/71) *Risk, Uncertainty and Profit*. Chicago: University of Chicago Press.
- Schumpeter, J. A. (1942) *Capitalism Socialism and Democracy*. New York: Harper and Row.
- Kirzner, I. M. (1973) *Competition and Entrepreneurship*. Chicago: Chicago University Press.

### C. Information Imperfections and Asymmetries

- Akerlof, G. A. (1970) "The Market for Lemons: Quality Uncertainty and the Market Mechanism," *Quarterly Journal of Economics* 85:485-500.

- Grossman, S. J. and Hart O. D. (1983) "An Analysis of the Principal-Agent Problem," *Econometrica* 51:7-45.

- Hayek, F. A. (1945) "The Use of Knowledge in Society," *American Economic Review* 35: 519-530. (Reprinted in *Individualism and Economic Order*, Chicago: University of Chicago Press.)

- Hirschleifer, J. and Riley, J. G. (1992) *The Analytics of Uncertainty and Information*. Cambridge: Cambridge University Press.

- Holmstrom, B. (1982) "Moral Hazard on Teams," *Bell Journal of Economics* 12: 324-340.

- Holmstrom, B. and Milgrom, P. (1987) "Multitask Principal Agent Analyses: Incentive Contracts Asset Ownership and Job Design," *Journal of Law, Economics, and Organization* 7:24-52.

- Jensen, M. C. and Meckling, W. H. (1976) "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure." *Journal of Financial Economics* :305-360.

- Pauly, M. (1968) "The Economics of Moral Hazard," *American Economics Review* 58: 531-537.

- Rosen, S. (1985) "Implicit Contracts: A Survey," *Journal of Economic Literature* 23: 1144-1175.

- Spence, M. (1973) "Job Market Signaling," *Quarterly Journal of Economics* 88:355-374.

- Stigler, G. (1961) "The Economics of Information," *Journal of Political Economy* 69:213-225.

### D. Culture and Economic Performance

- Becker, G. S. (1968) "Crime and Punishment: An Economic Approach," *Journal of Political Economy* 76:169-216.

- Buchanan, J. M. (1994) *Ethics and Economic Progress*. Norman: University of Oklahoma Press.

- Frank, R. H. and Cook, P. J (1995) *The winner-take-all society: How more and more Americans compete for ever fewer and bigger prizes, encouraging economic waste, income inequality, and an impoverished cultural life* New York; London and Toronto: Simon and Schuster, Free Press, Martin Kessler Books, 1995

- Congleton, R. D. (1991) "The Economic Role of a Work Ethic," *Journal of Economic Behavior and Organization* 15: 365-385.

- Congleton, R. D. (1989) "Efficient Status Seeking: Externalities and the Evolution of Status Games," *Journal of Economic Behavior and Organization* 11 (1989): 175-190.

- Hirsch, F. (1976) *Social Limits to Economic Growth*. Cambridge, Mass.: Harvard University Press.

- North, D. (1990) *Institutions, Institutional Change, and Economic Performance*. Cambridge: Cambridge University Press.