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# **Syllabus for “Advanced Microeconomics. Part four: Dynamics and Welfare”**

Winter Term 2020/21

## **Time and Location**

- 22<sup>nd</sup> December 2020, 9:00-12:30 conference room, IWH

## **Description**

This fourth part of the PhD course “Advanced Microeconomics” introduces the microeconomic theory of intertemporal decision-making and intertemporal allocations, and social decision making when societies is composed of different individuals with competing claims. The aim of this set of two lectures is:

- You learn about the microeconomic theory of intertemporal decision-making by households and firms and intertemporal allocations.
- You understand impossibilities of aggregating individual preferences over social allocations and possibilities of constructing social welfare functions.
- You get insights into social welfare and social decision-making in dynamic environments.

## **Prerequisites**

A solid background of microeconomic theory. Joy of learning and discovery.

## **Literature**

The course will be based on the book:

**Mas-Colell, A., Whinston, M. D., & Green, J. R. (1995).** *Microeconomic theory* (Vol. 1). New York: Oxford university press.

You are expected to read the relevant chapters of the book covered in class. Additionally, the course draws from several other sources that you are expected to read, too. Please note: The slides and notes will not substitute attending the class nor reading the material. They intend to help you to follow and understand the contents of the course.

## **Contents and required reading**

### **7. Dynamics and Welfare**

- Mas-Colell, Whinston., & Green (1995), *chapters 20, 21*
- Gollier, C. (2010). *Ecological Discounting*. Journal of Economic Theory 145: 812-829.
- Jackson, M.O. and Yariv, L. (2014). Present bias and collective dynamic choice in the lab. American Economic Review 104(12): 4184-4204.
- Quaas MF, van Soest D, and Baumgärtner S (2013). *Complementarity, impatience, and the resilience of natural-resource-dependent economies*. Journal of Environmental Economics and Management 66(1):15–32.

## **Examination/Assessment**

After every block of lectures, you will receive a problem set which you need to solve within a week. In total there will thus be two problem sets that you need to solve. Over the entire four parts of the advanced microeconomics course (from which this one here will be the first), you will receive eight problems sets in total form which you have to pass six to pass the entire course.