BECO 7000-001/AAEC 7000-015

Price Theory: Consumption, Production, and Distribution

12:30-1:50, Tuesdays and Thursdays

Rawls 009

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This is a Ph.D. level course in price theory, the study of how market prices coordinate the plans of firms and households. The goal of this course is to teach you how economists think about consumption, production, and allocation. By the end of this course, you should be able to use price theoretic thinking to solve real-world problems.

Required texts

Becker, Gary S. 2008 [1971]. *Economic Theory*. New Brunswick and London: AldineTransaction.

Jaffe, Sonia, Robert Minton, Casey Mulligan, and Kevin M. Murphy. 2026. *Chicago Price Theory*, 2nd edition. Princeton: Princeton University Press

Recommended texts

Eugene Silberberg and Wing Suen. 2000. *The Structure of Economics: A Mathematical Analysis*. Mc-Graw Hill/Irwin, 3rd ed.

Grading

First-year students

In-class exams	50%
Chapter presentation	15%
Literature review	15%
Research project	20%

Advanced Students

Research project	100%

In-class exams

Taken individually. You will need a Bluebook for each exam.

Chapter presentation and literature review

First-year students will work in teams to present the chapters listed under Week 11 to the class. Students may work in a group for the presentation.

To accompany the presentation, each first-year student will turn in a literature review. The review should focus on the topic of the accompanying chapter. In three to five pages, you should summarize the classic and major contemporary scholarly works associated with that topic.

Research project
Using the concepts developed in this course, you will use price theory to explain a real-world phenomenon. The choice of topic is up to you.

First-Year Students
Your deliverable is a 7-10 page paper and a short presentation to the rest of the class. This is **not** supposed to be a scholarly paper, although hopefully it will serve as the foundation for one in the future.

Advanced Students
Your deliverable is a first draft of a scholarly research paper, intended as an eventual dissertation chapter and/or journal submission. You will also present your results to the class.

Course outline
Listed readings for each week below. You should complete the week's readings before the first class of that week. Readings marked with asterisks (*) are recommended for students who wish to delve deeper into the material but are not required.

Pre-course reading
Armen Alchian and William Allen. 2020. *Universal Economics*. Indianapolis: Liberty Fund. Parts I &II

*Silberberg and Suen, *Structure of Economics*, chapters 1-7*

Week 1: Foundations
Cutsinger, Bryan P. and Alexander William Salter. 2024a. The need for a price theory revival. *Journal of Private Enterprise* 39(1): 11-44

Becker, *Economic Theory*, lectures 1-5

Jaffe et al., *Chicago Price Theory*, Introduction

Week 2: Preferences and demand
Becker, *Economic Theory*, lectures 6-7

Jaffe et al., *Chicago Price Theory*, chapters 1-2

*Silberberg and Suen, *Structure of Economics*, chapter 10.1-10.4*

Week 3: Marshallian and Hicksian systems
Becker, *Economic Theory*, lectures 8-9

Jaffe et al., *Chicago Price Theory*, chapters 3-5

*Silberberg and Suen, *Structure of Economics*, chapter 10.5-10.7*

Week 4: Exam I

Week 5: Profit maximization
Becker, *Economic Theory*, lectures 24-25

Jaffe et al., *Chicago Price Theory*, chapter 13 (pp. 152-158)

*Silberberg and Suen, *Structure of Economics*, chapter 8*

Week 6: Factor demand

Becker, *Economic Theory*, lectures 28-29

Jaffe et al., *Chicago Price Theory*, chapter 13 (pp. 159-166)

*Becker, *Economic Theory*, Lectures 30-31*

*Silberberg and Suen, *Structure of Economics*, chapter 9*

Week 7: The Industry Model

Jaffe et al., *Chicago Price Theory*, chapters 14-15

*Jaffe et al., *Chicago Price Theory*, chapter 18*

Week 8: Exam II

Week 9: Productivity and taxation

Becker, *Economic Theory*¸ lectures 26 & 37

Jaffe et al., *Chicago Price Theory*, chapter 28

*Becker, *Economic Theory*, Lectures 27 & 38-39*

Week 10: Household production

Becker, *Economic Theory*, lectures 10-11

Jaffe et al., *Chicago Price Theory*, chapters 11-12

*Silberberg and Suen, *Structure of Economics*, chapter 11*

Week 11: Student presentations. Literature reviews due at beginning of week.

Jaffe et al., chapter 16 : Difference-in-Differences in the Marketplace

Jaffe et al., chapter 20 : Personal Increasing Returns: Human Capital and More

Jaffe et al., chapter 24 : Externalities and Civil Society

Jaffe et al., chapters 7 & 31 : Redistribution and Work & Inequality and the Market for Skill

Week 12: Exam III

Week 13: Students work on papers

Week 14: Students present papers. Papers due at end of week.

Syllabus statements

Academic integrity, student accommodations, religious holy day observance, etc:
https://www.depts.ttu.edu/tlpdc/RequiredSyllabusStatements.php

Syllabus version 1.0—August 20, 2026