



A Course in Micro- economic Theory

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David M. Kreps

The late 1980s witnessed the beginning of a revolution in microeconomic theory. Economists incorporated game theory into their standard framework and extended microeconomics into a host of non-standard topics. Kreps's *Course in Microeconomic Theory* encompassed all of this revolution's excite-

ment and wide-ranging possibilities. Moreover, the book sparked the major revival of Princeton's economics list.

Divided into five parts, the book did not simply cover the well-established ground of traditional microeconomic theory—utility-maximizing actors, profit-maximizing firms, and the price mechanism that joins them—but also applied a more ambitious definition to the entire project of microeconomic theory, arguing that it should encompass “the behavior of individual economic actors and the aggregation of their actions in different institutional frameworks.” Such a grand definition meant that the book was less about the solid ground of tradition and more about the blue sky of the horizon. The book showed its newfangled stripes beginning with part 3, “Noncooperative Game Theory,” demonstrating how game theory has come to dominate contemporary microeconomic theory. Parts 4 and 5 were equally groundbreaking, addressing questions of information economics and transaction cost economics, respectively.

Kreps concluded his introduction by noting, “All this is, presumably, a bit hard to fathom without a lot of fleshing out. But that’s the point of the next eight-hundred-odd pages.” That’s the point, too, of the past fifteen years: fleshing out the path set by *A Course in Microeconomic Theory*.