**ECON 7050: Advanced Economic Theory**

**Fall 2012**

Instructor: Professor Yongmin Chen  
Office: Econ 112  
Class Time: 1:30-2:45 MW  
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Office Hours: 10:30-12:30 a.m. and 3:00-4:00 p.m. on Monday

**Course Description:** This is the third graduate course in microeconomic theory. It contains several important topics that were not covered in the two previous microeconomic theory courses. It will also discuss additional topics of interest.

**Course Materials:** The textbook is *Microeconomic Theory*, by Mas-Colell, Whinston, and Green. Other reading materials, including articles, are indicated below or will be added during the semester.

**Grading:** Grades are based on two exams (40% each) and a modeling exercise (20%). You are encouraged to form study groups to discuss homework and lecture materials. In the modeling exercise, you will be asked to develop a simple model to describe and analyze a microeconomic problem. It is very important for you to solve all the problems in the problem sets. You are encouraged to form study groups to discuss problem sets and assigned readings.

**Lecture Topics:** Below is a tentative plan for the lectures. Changes will be announced in class during the semester and you are responsible for updating the information.

**Topic 1  Monopoly and Imperfect Competition**  
Readings: Ch. 12.  

**Topic 2  Adverse Selection, Signaling, and Screening**  
Readings: Ch. 13

Topic 3  The Principal-Agent Problem
Readings: Ch. 14

Exam 1.

Modeling Exercise: Develop a simple model to describe and analyze a microeconomic problem. I will discuss the requirements in class.

Topic 4  Theory of the Firm
Readings:


Topic 5  Exclusionary Contracts

1. Contracts as a Barrier to Entry
2. Naked Exclusion
3. Recent Developments

Required Readings:


Other Readings:

**Topic 6   Economics of Search**

1. Price Search in Homogeneous Product markets
   (1) Salop and Stiglitz’s “Bargains and Ripoffs”
   (2) Varian’s model of sales
   (2) Diamond’s Paradox
   (3) Stahl’s model of sequential search

2. Product Search in Differentiated Markets and on the Internet
   (1) Wolinsky’s model
   (2) Paid Placement: Advertising and Search on the Internet

**Required Readings:**


**Other Readings:**


Exam 2

Completing Modeling Exercise.

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If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services in a timely manner so that your needs can be addressed. Disability Services determines accommodations based on documented disabilities. Contact: 303-492-8671, Center for Community N200, and http://www.colorado.edu/disabilityservices.

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Campus policy regarding religious observances requires that faculty make every effort to deal reasonably and fairly with all students who, because of religious obligations, have conflicts with scheduled exams,
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Students and faculty each have responsibility for maintaining an appropriate learning environment. Those who fail to adhere to such behavioral standards may be subject to discipline. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, color, culture, religion, creed, politics, veteran's status, sexual orientation, gender, gender identity and gender expression, age, disability, and nationalities. Class rosters are provided to the instructor with the student's legal name. I will gladly honor your request to address you by an alternate name or gender pronoun. Please advise me of this preference early in the semester so that I may make appropriate changes to my records. See policies at [http://www.colorado.edu/policies/classbehavior.html](http://www.colorado.edu/policies/classbehavior.html) and at [http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code](http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code)

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