

ECON 7030: MICROECONOMIC THEORY 2

Spring 2011

Instructor: Yongmin Chen

Office: ECON 112

Class Time: 3:30-4:45, TR

Classroom: ECON 119

Office Hours: 1:30-3:15PM, Thursday

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Course Description: This is the second graduate course in microeconomic theory. It consists of three main parts: choice under uncertainty; non-cooperative game theory; and market equilibrium and market imperfections. Together with ECON 7010 (Microeconomic Theory 1), this course aims to provide students with a solid understanding of the fundamentals of microeconomic analysis.

Course Materials: The textbook is *Microeconomic Theory*, by Mas-Colell, Whinston, and Green. The covered materials will range from Chapter 6 in Part I to most chapters in Parts II and III of the book.

Grading: Grades are based on homework and class participation (10%), a midterm exam (40%); and a final exam (50%). You are encouraged to form study groups to discuss homework and lecture materials. Both exams will be in closed-book forms.

Problem Sets: There will be regular assignment of problem sets. Normally, there will be one problem set for each topic. You should start working on the problem set once we have started the topic, and hand in your problem set the next Tuesday following the last class on the topic. For each problem set, the TA will select randomly half of the students and grade their problem sets. A student's performance on problem sets will be calculated based on his (her) problem sets that are actually graded. However, if a problem set is not turned in on time, this problem set will receive a score of zero. For every other week, the TA will hold a recitation in which the problem sets are discussed. Additional sessions can be added if there is such a need. I want to emphasize that solving these problems is crucial for you to learn the course materials.

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

Topic 1 Choice under Uncertainty

(Weeks 1-3) Readings: Ch.6. pp. 167-198.

Problem Set 1: 6.B.1, 6.B.2, 6.B.3, 6.C.1, 6.C.2 (a), 6.C.11, 6.C.12,
6.C.16, 6.C.18, 6.D.2.

Topic 2 Basics of Non-cooperative Games

(Week 4) Readings: Ch.7.

Problem Set 2: 7.C.1, 7.D.1, 7.D.2, 7.E.1.

Topic 3 Simultaneous-Move Games

(Weeks 5-6) Readings: Ch. 8: 8A-8E.

Problem Set 3: 8.B.1, 8.B.2, 8.B.6, 8.B.7, 8.D.2, 8.D.4, 8.D.5, 8.D.6, 8.E.2, 8.E.3.

Topic 4 Dynamic Games

(Weeks 7-8) Readings: Ch. 9: 9A-9C

Problem Set 4: 9.B.2, 9.B.9, 9.B.10, 9.B.11, 9.C.2, 9.C.7.

Midterm Exam

Topic 5 Competitive Markets: Concepts and Partial Equilibrium Analysis

(Week 9) Readings: Ch. 10: 10A-10C.

Problem Set 5: 10.C.1, 10.C.2, 10.C.4, 10.C.9, 10.C.10.

Topic 6 The Fundamental Welfare Theorems in A Partial Equilibrium Context and Long-

(Week 10) Run Competitive Equilibrium

Readings: Ch. 10: 10D-10F.

Problem Set 6: 10.D.2, 10.D.4, 10.F.2, 10.F.6.

Topic 7 Externalities and Public Goods

(Weeks 11-12) Readings: Ch. 11.

Problem Set 7: 11.B.3, 11.B.4, 11.B.5, 11.C.1, 11.D.1, 11.D.6.

Topic 8 Market Power: Static Models of Monopoly and Oligopoly
(Weeks 13-14) Readings: Ch. 12: 12A-12C.

Problem Set 8: 12.B.4, 12.B.5, 12.B.9, 12.C.3, 12.C.9.

Topic 9 Dynamic Models of Imperfect Competition and Entry
(Week 15) Readings: Ch. 12: 12D-12E.

Problem Set 9: 12.C.18, 12 D.2., 12 E.4., 12 E.7.

Final Exam

University Policies

Students with Disabilities

If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services **by September 9th** so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities. University policies regarding disabilities are available at www.colorado.edu/disabilityservices. Disability Services can be contacted by telephone at (303) 492 8671 or in person at Willard 322.

Religious Observances

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, assignments, or required attendance. If you have a conflict due to a religious obligation, please see me **at least one full week in advance** so that alternate arrangements can be made. Policies regarding religious observances are available at www.colorado.edu/policies/fac_relig.html.

Classroom Behavior

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, culture, religion, politics, sexual orientation, gender, gender variance, 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. Policies regarding classroom behavior are available at <http://www.colorado.edu/policies/classbehavior.html> and at http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code.

Discrimination and Harassment

The University of Colorado at Boulder policy on Discrimination and Harassment, the University of Colorado policy on Sexual Harassment, and the University of Colorado policy on Amorous Relationships apply to all students, staff, and faculty. Any student, staff, or faculty member who believes s/he has been the subject of sexual harassment or discrimination or harassment based upon race, color, national origin, sex, age, disability, creed, religion, sexual orientation, or veteran status should contact the Office of Discrimination and Harassment (ODH) at (303) 492 2127 or the Office of Judicial Affairs at (303) 492 5550. Information about the ODH, the above referenced policies, and the campus resources available to assist individuals regarding discrimination or harassment can be obtained at <http://www.colorado.edu/odh>.

Academic Misconduct

All students of the University of Colorado at Boulder are responsible for knowing and adhering to the academic integrity policy of this institution. Violations of this policy may include cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. All incidents of academic misconduct shall be reported to the Honor Code Council (honor@colorado.edu, (303) 735 2273). Students who are found to be in violation of the academic integrity policy will be subject to both academic sanctions from the faculty member and non-academic sanctions (including but not limited to university probation, suspension, or expulsion). Other information on the Honor Code can be found at www.colorado.edu/policies/honor.html and at www.colorado.edu/academics