

ECON 7050: Advanced Economic Theory

Fall 2010

Instructor: Professor Yongmin Chen

Office: Econ 112

Class Time: 1:30-2:45 MW

Class Room: ECON 119

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Office Hours: 10:30-12:00 a.m. MW

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 some current research issues in microeconomic theory.

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 homework and class participation (20%) and two exams (40% each). You are encouraged to form study groups to discuss homework and lecture materials.

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 Competitive Markets

Readings: Ch. 10

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

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

Topic 2 Externalities and Public Goods

Readings: Ch. 11.

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

Topic 3 Market Power: Static Models of Monopoly and Oligopoly

Readings: Ch. 12: 12A-12C.

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

Topic 4 Dynamic Models of Imperfect Competition and Entry

Readings: Ch. 12: 12D-12E.

Problem Set 5: 12.C.18, 12 D.2., 12 E.4., 12 E.7.

Topic 5 The Principal-Agent Problem

Readings: Ch. 14

Problem Set 6: 14.B.4, 14.C.3, 14.C.7, 14.C.8.

Exam 1.

Topic 6 Exclusive Contracts

Readings:

Aghion, Philippe and Patrick Bolton, "Contracts as a Barrier to

Bagwell, K. and G. Ramey, "Coordination Economies, Advertising, and Search Behavior in Retail Markets", AER (1994), 498-517.

Bester, H., "Bargaining, Search Costs and Equilibrium Price Distributions", RES (1988), 201-214.

Reinganum, J., "A simple Model of Equilibrium Price Dispersion", JPE (1979), pp. 851-858.

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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.

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