

# **ECON 7050: Advanced Economic Theory**

**Fall 2012**

Instructor: Professor Yongmin Chen  
Office: Econ 112  
Class Time: 1:30-2:45 MW  
Class Room: ECON 119  
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Office Hours: 10:30-12:30 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.

Problem Set 1: 12.B.4, 12.B.5, 12.B.9, 12.C.3, 12.C.9.

Problem Set 2: 12.C.18, 12 D.2., 12 E.4., 12 E.7, 12G.1.

**Topic 2      Adverse Selection, Signaling, and Screening**

Readings: Ch. 13

Problem Set 3: 13.B.2, 13.B.4, 13.C.1, 13.C.5.

**Topic 3      The Principal-Agent Problem**

Readings: Ch. 14

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

**Exam 1.**

Chen, Yongmin and David Sappington, "Exclusive Contracts, Innovation, and Welfare," American Economic Journals: Microeconomics, Vol. 3, 194-220, 2011.

Greenlee, Patrick, David Reitman, and David Sibley, "An Antitrust Analysis of Bundled Loyalty Discounts," International Journal of Industrial Organization, 2008.

Segal, Ilya and Michael Whinston, "Naked Exclusion: Comment," AER, 2000.



assignments or required attendance. In this class, Please make your requests to me within the first two weeks of the semester. See full details at [http://www.colorado.edu/policies/fac\\_relig.html](http://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, 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> and at [http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student\\_code](http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code)

### **Discrimination and Harassment**

The University of Colorado at Boulder Discrimination and Harassment Policy and Procedures, the University of Colorado Sexual Harassment Policy and Procedures, and the University of Colorado Conflict of Interest in Cases of Amorous Relationships policy 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 Student Conduct (OSC) 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 incc.00-behav( )TJ-20.38c apply to a