

## SPRING 2008 ECONOMICS 7116 MICROTHEORY II

*Instructor:* Ujjayant Chakravorty, 302S CBA II, [uchakravorty@bus.ucf.edu](mailto:uchakravorty@bus.ucf.edu)  
*Office Hours:* TR 3.00 – 4.15 or by appointment

TA: TBA

The main texts for this course are Mas-Collel, Winston and Green, *Microeconomic Theory*, first edition, 1995 (hereafter referred to as MWG) and Varian, *Microeconomic Analysis*, third edition henceforth denoted V. MWG is a more detailed, comprehensive as well as rigorous book. Yet another textbook that can be used as a supplement is Jehle and Reny's *Advanced Microeconomic Theory* (JR). MWG will be used as the base textbook and V will be used occasionally for additional material. I will assign problems from time to time from both texts that you will be expected to work on. I will hand out solutions.

Schedule:

Three midterms on January 31, February 28, April 10, Take Home Final: Due April 24.  
Weights: All tests are 25% each.

Grade Distribution:

A: 90-100  
B: 80-89.9  
C: 70-79.9  
D: 60-69.9  
F: <60

Rules:

This is a graduate course so I expect every one to be highly motivated. Missing a test for a valid reason will mean moving the weight to the other tests. No extra credit or assignments will be given. Late assignments will not be accepted. Poor handwriting, careless work or skipping steps will be penalized. You are strongly encouraged to participate actively in class.

### Topics

#### 1. **Introduction to Game Theory**

Elements of Noncooperative Games

Ch 7 (MWG), 15 (V)

(2 lectures)

Simultaneous Move Games

Ch 8 (MWG), Ch 9 (JR)

(3 lectures)

Subgame Perfection, Sequential Rationality

Ch 9 (MWG)

(2 lectures)

## **2. Competitive Markets**

Pareto Optimality, Welfare Analysis, Long Run Equilibria

Ch 10 (MWG), 13 (V)

(3 lectures)

## **3. Externalities and Public Goods**

Multilateral Externalities, Private Information

Ch 11 (MWG), 24,23 (V)

(3 lectures)

## **4. Monopoly and Market Power**

Oligopoly, Linear City Model, Repeated Games, Entry

Ch 12 (MWG), 14, 16 (V)

(4 lectures)

## **5. Choice Under Uncertainty**

Stochastic Dominance

Ch 6 (MWG)

(2 lectures)

## **6. General Equilibrium Theory**

Pure Exchange and Production

Ch 17, 18 (V)

(1 lecture)

## **7. Adverse Selection, Signaling and Screening**

Ch 13 (MWG)

(3 lectures)

## **8. The Principal Agent Problem**

Ch 14 (MWG)

(3 lectures)