ECON 7050: Advanced Economic Theory

Fall 2014

Instructor: Professor Yongmin Chen
Office: Econ 112
Class Time and Location: 2:00-3:15 PM, TR; ECON 119
Office Hours: 9:30-10:30 AM and 3:30-5:30 PM, Tuesday
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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

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

Exam 1.

Topic 4  Theory of the Firm
Readings:


Topic 5  Exclusionary Contracts

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

Readings:


Additional 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

**Readings:**


**Additional Readings:**

Exam 2

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, 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

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
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