

## **SPRING 2020 MICROECONOMIC THEORY II**

This version: January 13 2020

Instructor: Ujjayant Chakravorty

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Class Schedule: 1.30-2.45 pm, Braker 113

TA Xiaoxin Zhang, [Xiaoxin.Zhang@tufts.edu](mailto:Xiaoxin.Zhang@tufts.edu)

Recitation: Friday 930-1020, Braker 113

Instructor Office Hours: Wed 4-530 and by appointment

TA Office Hours: Tuesday 430-630 Braker, Graduate Student Lounge

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 or from other sources that you will be expected to work on. The TA or I will hand out solutions.

### **Evaluation and Exam Dates**

Practice problems will be assigned and the TA will go over them in the recitation on Fridays. Occasionally I may ask you to hand in your homework for grade. I will give pop or announced quizzes in class.

Quizzes and Homeworks (25% total)

MidTerm 1 February 19, in class (25%)

MidTerm 2 March 30, in class (25%)

Final Block G+ Monday May 4, 12-2 pm (25%) in class

### **Grades:**

The assignment of letter grades is as follows: The top third of the scale gets a plus (+), the bottom third a (-). Example, 97-100 is an A+, 94-96 is an A and 90-93 is an A-. There will be some adjustment to the scores to reflect Department of Economics guidelines.

Letter Grade	Grade Range
A	90-100
B	80-89
C	70-79
D	60-69
F	<60

### **Rules:**

This is a graduate course so I expect everyone to be highly motivated. Missing a test for a valid (documented) 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 and attend recitations.

### **Topics**

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

Elements of Noncooperative Games  
Ch 7 (MWG), 15 (V)  
Jan 15 (1L)

Simultaneous Move Games  
Ch 8 (MWG), Ch 9 (JR)  
Jan 22, 27, 29, Feb 3 (4L)

Subgame Perfection, Sequential Rationality  
Ch 9 (MWG)  
Feb 5,10 (2L)

**TEST 1 FEB 19**

**2. Externalities and Public Goods**

Multilateral Externalities, Private Information  
Ch 11 (MWG), 24, 23 (V)  
Feb 12,20,24,26 March 2 (5L)

**3. Monopoly and Market Power**

Oligopoly, Linear City Model, Repeated Games, Entry  
Ch 12 (MWG), 14, 16 (V)  
March 4,9,11 (3L)

**TEST 2, MARCH 30**

**4. General Equilibrium Theory**

Pure Exchange and Production  
Ch 17, 18 (V)  
March 23,25 (2L)

**5. Adverse Selection, Signaling and Screening**

Ch 13 (MWG)  
April 1,6,8 (2L)

**6. The Principal Agent Problem**

Ch 14 (MWG)  
April 13,15,22 (2L)

**FINAL MAY 4, 12-2 pm**