

## ECON6213 Advanced Microeconomics II

University of Oklahoma, Spring 2008

TR, 3:00 - 4:15pm, Hester Hall 213A

Instructor: Qihong Liu  
Office: Hester Hall, Room 312  
Phone: 325-5846  
E-mail: qliu at ou dot edu  
Course Webpage: <http://faculty-staff.ou.edu/L/Qihong.Liu-1/econ6213>  
Office Hours: Tuesday & Thursday, 11am-12pm, and by appointment  
TA & Office Hours: Jie Shuai. Office Hours: W, 1:30-2:30pm. Hester Hall 211.  
E-mail: shuai\_jie at ou dot edu. Phone: 325-4348.

### Course Description

This is the second graduate course in microeconomic theory. It consists of two main parts. Part 1 is about noncooperative game theory. We shall study in this part the basic elements of games, static games of complete and incomplete information, and dynamic games of complete and incomplete information. This will lay down the foundation to our analysis of individual behavior and interactions in economic situations where there is strategic interdependence. In Part 2, we shall study market equilibrium with asymmetric information. We shall start from the problems of information asymmetry and adverse selection, and investigate how markets and institutions develop in response to these problems. We will then analyze the principal-agent problem. Applications of the theoretical developments will be discussed.

### Assessment

Grades are based on homework and class participation (15%), a midterm (35%) and a final exam (50%). You are encouraged to form study groups to discuss homework and lecture materials. All exams will be in closed-book forms.

### Textbooks

#### Required:

[MWG] A. Mas-Colell, M. Whinston and J. Green: *Microeconomic Theory*, Oxford University Press, 1995.

#### Recommended:

[LM] Laffont, J-J. and D. Martimort: *The theory of incentives: The principal-agent model*, Princeton, 2002

[JR] G.A. Jehle and P.J. Reny: *Advanced Microeconomic Theory*, Addison Wesley, 2000

### **Problem Sets**

Several problem sets will be assigned during the semester. You will typically have one week to complete each assignment. Late homework will not be accepted. You are allowed to work with other students in this class on the problem sets but each student must write his or her own answers. Each student is also required to write the names of the other students he or she worked with on each homework assignment.

### **Lecture Topics**

Below is a tentative plan for the lectures. Changes to the plan will be announced in class during the semester, and you are responsible for updating the information.

- Topic 1. Basic Elements of Noncooperative Games  
Readings: MWG Ch. 7.  
Problem Sets: TBA.
- Topic 2. Simultaneous-Move Games and Applications  
Readings: MWG Ch. 8.  
Problem Sets: TBA.
- Topic 3. Dynamic Games and Applications  
Readings: MWG Ch. 9.  
Problem Sets: TBA.
- Topic 4. Adverse Selection, Signaling and Screening  
Readings: MWG Ch. 13, LM Ch. 2-3.  
Problem Sets: TBA.
- Topic 5. The principal-Agent Model  
Readings: MWG Ch. 14, LM Ch. 2-3.  
Problem Sets: TBA.