

Syllabus for EEC630, Advanced Microeconomic Theory II
Spring 2008
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Introduction: This course focuses on decision making, strategic behavior, market equilibria, and their implications for welfare and policy. After briefly reviewing utility concepts, we shall study choice under uncertainty, game theory, competitive markets, externalities, market power, general equilibrium, and mechanism design. The course is intended to impart not only knowledge of theoretical results but also skill in deriving them.

Readings: The text is Andreu Mas-Colell et al., *Microeconomic Theory* (New York: Oxford University Press, 1995), which is available in the URI bookstore and at the Library's reserve desk. If you have trouble understanding proofs in the text or providing proofs required in exercises, you may wish to consult Daniel Solow, *How to Read and Do Proofs* (New York: Wiley), which is also on reserve in the Library. Supplemental readings will be taken from economic journals and collective volumes. In the calendar on the next page, readings from Mas-Colell et al. are denoted by Mx , where x is a chapter, appendix, section, or page designation. Readings from *Econometrica* and *Environmental & Resource Economics* are denoted by E and ERE . Readings from *Advances in Behavioral Economics* (Princeton University Press, 2004) are denoted by ABE .

Web page: Some resources useful to students and researchers in microeconomic theory are available at <http://www.uri.edu/artsci/ecn/burkett/630s08.htm>. This site will be updated from time to time during the semester.

Evaluation: Your course grade will depend on two midterm exams (22% each), class participation (12%), and a final exam (44%).

Contact information: I can be reached at 874-9195 or burkett@uri.edu. My office hours are MWF 1–2 in 213 Coastal Institute.

Calendar: Listed below are the dates when topics will be first discussed and the dates for the midterm exams. Dates for which no topic or exam is specified will be used to continue discussion of the topic listed for the last previous date.

Date	Topic or Event	Readings
Jan. 23	Utility concepts	Kahneman and Sugden, <i>ERE</i> 2005, pp. 161–81
Jan. 25	Choice under uncertainty	M6
Feb. 4	Prospect theory	Kahneman and Tversky, <i>E</i> 1979, pp. 263–91
Feb. 8	Elements of noncooperative games	M7
Feb. 13	Simultaneous-move games	M8
Feb. 20	First midterm exam	
Feb. 22	Dynamic games	M9A–B
Feb. 27	Behavioral game theory	Camerer, <i>ABE</i> , pp. 374–92
Feb. 29	Competitive markets	M10.B, C(pp. 316-19), D
Mar. 3	Externalities	M11.B, D, E, Appendix
Mar. 12	Market power	M12A–G
Mar. 28	Second midterm exam	
Mar. 31	General equilibrium theory: examples	M15
Apr. 9	Equilibrium and its welfare properties	M16
Apr. 18	Incentives and mechanism design	M23.A–C
Apr. 30	Review	