

Classes: **T, TH** 1:30-3:18 (RA 336)
 Recitations: **F** 11:30-1:18 (ARPS 386)
F 1:30-3:18 (ARPS 173)

Prof. James Peck	Matt Jones
Office: 440 Arps	Office: 369 Arps
Tel. 292-0182	Tel. 247-7167
peck.33@osu.edu	Jones.2779@osu.edu
Office Hours: M 10:00-11:00 W 10:00-12:00 (or by appointment)	Office Hours: M 1:30 – 2:30

Course Website: <http://www.econ.ohio-state.edu/jpeck/Econ805.htm>

Syllabus--Microeconomic Theory II

Required Text:

Mas-Colell A., Whinston M. D., and Green J. R., 1995, *Microeconomic Theory*, Oxford.

Optional Texts:

Varian H., 1992, *Microeconomic Analysis*, New York and London, Norton, 3ed ed.
 Kreps D., 1990, *A Course in Microeconomic Theory*, Princeton.

Course Objectives: The course covers general equilibrium theory, including existence and welfare theorems, production, and uncertainty. We will cover insurance and securities markets with uncertainty but symmetric information. We then move on to various notions of perfect competition with asymmetric information: screening and lemons models. There will be an extensive introduction to game theory, which we use to analyze imperfect competition.

Course Requirements: There will be two exams, a midterm and a final. The final is not comprehensive (covering only material presented after the midterm, but sometimes building on material presented earlier). There will be about 4 problem sets, which must be turned in on time. The problem set will be discussed in the Friday recitations.

Exams must be taken at the scheduled time: There will be no make-ups of the midterm (if missed, with a valid excuse, the final exam will count for 90% of the course grade). To qualify for an incomplete and a make-up final requires an appropriately documented evidence of dire medical circumstance. If you have 3 finals on the same final exam day, or some other relevant problem, rescheduling relief is potentially available, but must be arranged before the end of the 7th week of the term and follow the priority that relief must come from your major department or college.

Grading: Midterm 40%, Final 50%, and problem sets 10%

Midterm Exam: Tuesday, February 10, in class.

Final Exam: Monday, March 16, 2009, 1:30 to 3:18 PM, in RA 336.

Lecture #/Date	Subject	Reading	Comments
1. Jan 06	General Equilibrium Walras' Law	M-16	
2. Jan 08	Existence of Equilibrium	M-16	
3. Jan 13	First Welfare Theorem	M-16	
4. Jan 15	Second Welfare Theorem	M-16	
5. Jan 20	Characterizations when utility is differentiable and concave	M-16	
6. Jan 22	GE with Production	M-16	
7. Jan 27	GE with Uncertainty	M-19	
8. Jan 29	GE with Uncertainty (contd)	M-19 Arrow (1964)	
9. Feb 03	GE with Uncertainty (contd)	M-19 Arrow (1964)	
10. Feb 05	Insurance with asymmetric information (screening)	M-13 Rothschild-Stiglitz	

		(1976)	
11. Feb 10	Midterm Exam		
12. Feb 12	Lemons markets. Extensive form and normal form representations of games	M-13 Akerlof (1970) M-7	
13. Feb 17	Simultaneous move games, dominant strategies	M-8, a,b,c	
14. Feb 19	Nash equilibrium in pure and mixed strategies	M-8, c,d	
15. Feb 24	Bayesian Nash equilibrium	M-8, e,f	
16. Feb 26	Extensive form games: subgame perfect equilibrium	M-9, a,b	
17. Mar 02	Beliefs and sequential rationality	M-9 c,d	
18. Mar 04	Spence's signaling game	M-13 Spence (1973)	
19. Mar 10	Monopoly and price discrimination	M-12	
20. Mar 12	Oligopoly: Cournot and Bertrand	M-12	Time permitting asymmetric inf.
21. Mar 16	Final Exam (1:30 - 3:18)		

Akerlof, G., "The Market for Lemons: Quality Uncertainty and the Market Mechanism," *Quarterly Journal of Economics* 89 (1970), 488-500.

Arrow, K.J., "The Role of Securities in the Optimal Allocation of Risk-bearing," *Review of Economic Studies* 31 (1964), 91-96.

Rothschild, M. and J. Stiglitz, "Equilibrium in competitive insurance markets: An essay on the economics of imperfect information," *Quarterly Journal of Economics*, 80, 1976, 629-649.

Spence, M., "Job Market Signalling," *Quarterly Journal of Economics*, 1973, 355-374.

Academic Misconduct

It is the responsibility of the Committee on Academic Misconduct to investigate or establish procedures for the investigation of all reported cases of student academic misconduct. The term "academic misconduct" includes all forms of student academic misconduct wherever committed; illustrated by, but not limited to, cases of plagiarism and dishonest practices in connection with

examinations. Instructors shall report all instances of alleged academic misconduct to the committee (Faculty Rule 3335-5-487). For additional information, see the Code of Student Conduct (http://studentaffairs.osu.edu/resource_csc.asp).

Disability Services

Students with disabilities that have been certified by the Office for Disability Services will be appropriately accommodated, and should inform the instructor as soon as possible of their needs. The Office for Disability Services is located in 150 Pomerene Hall, 1760 Neil Avenue; telephone 292-3307, TDD 292-0901; <http://www.ods.ohio-state.edu/>.