

# **Economics 642: Microeconomics II**

## **Syllabus UNCG Spring 2010**

### ***INSTRUCTOR***

Dr. Stephen Holland, Room 465, Bryan Building  
Email: [sphollan@uncg.edu](mailto:sphollan@uncg.edu), Telephone: 334-4925,  
Office Hours: WF 11 am -12 pm or by appointment

### ***COURSE LOCATION AND TIMES***

January 19- April 29	TTh 3:30-4:45
March 4	Midterm exam 3:30-5:30?
April 15	Writing project due.
May 11	Final exam 3:30-6:30

All sessions are in Bryan 110.

### ***COURSE DESCRIPTION***

This course is a continuation of your earlier MA course in microeconomics (ECO 641). While the earlier course dealt with basic price theory and market “successes”, this course will mainly cover market failures. In particular, we will add market power, uncertainty, asymmetric information, externalities and public goods to the earlier models and analyze whether or not the basic properties of competitive markets continue to hold.

### ***TEXTBOOK***

The required text for this course is: *Microeconomic Theory: Basic Principles and Extensions*, tenth edition, by Walter Nicholson & Christopher Snyder. The *Study Guide* is also recommended.

Please read the assigned chapters at least twice before coming to class. Your first reading can be a 10 minute skim of the main ideas of the chapter. I recommend sketching an outline. After the second reading (less than 1 hour), you should be able to briefly describe each of the main ideas of the chapter. After class you should read the chapter a third time focusing on any material you may have missed and working through some of the examples in detail. This will be your longest and most thorough reading of the material. You will also want to read the material again before any exams.

### ***GRADING***

At the MA level, grades are less important than whether or not you learn the material necessary for your professional careers. However, for feedback and as a commitment (motivational) device, I will be assigning grades for this course. The grades will be determined by homework assignments (10%), a writing project (20%), one midterm exam (30%), and a final exam (40%).

## ***LEARNING RESOURCES***

In the working world, you will use all available resources to solve problems. Similarly, you should use all available resources (e.g., other textbooks, the internet, your classmates) to help you learn microeconomics. In particular, group work is allowed and even encouraged for the homework assignments. For exams, you will be required to work alone.

## ***SPECIFIC COURSE LEARNING OBJECTIVES***

Upon successful completion of this course, students will be able to:

1. Explain the importance of the Fundamental Welfare Theorems.
2. Describe monopoly formation, maintenance, and pricing.
3. Compare and contrast first- second- and third-degree price discrimination.
4. Apply Cournot and Bertrand models of oligopoly to analyze inefficiencies of imperfect competition.
5. Critique traditional models of imperfect competition.
6. Apply the concept of Nash equilibrium to solve simple games.
7. Explain the Prisoner's Dilemma game and its importance to economics.
8. Discuss the importance of entry in long-run models of imperfect competition.
9. Explain decision making under uncertainty when agents obey the von Neumann-Morgenstern axioms.
10. Apply the concept of risk aversion to explain the market for insurance.
11. Explain moral hazard and adverse selection.
12. Discuss the market failure associated with asymmetric information.
13. Describe the importance of externalities and public goods and some mechanisms for correcting the resulting market failures.
14. Apply a social welfare function to show the optimal allocation in an Edgeworth box diagram.

## ***COURSE SCHEDULE***

Week	Dates	Topics	Chapters	Notes
1	Jan 19-21	Intro, General Equilib	1, 13	
2	Jan 26-28	GE & Welfare	13	
3	Feb 2-4	Math Stats & Uncertainty	2 & 7	p. 64- 74
4	Feb 9-11	Uncertainty & Info	7	
5	Feb 16-18	Strategy & Game Theory	8	
6	Feb 23-25	Strategy & Game Theory	8	
7	Mar 2-4	Loose Ends	All	Midterm
8	Mar 9-11	SPRING BREAK		
9	Mar 16-18	Monopoly	14	
10	Mar 23-25	Imperfect Competition	15	
11	Mar 30-Apr 1	Imperfect Competition	15	
12	Apr 6-8	Asymmetric Information	18	
13	Apr 13-15	Asymmetric Information	18	Paper due
14	Apr 20-22	Externalities & Public Goods	19	
15	Apr 27-29	Externalities & Public Goods	19	