Objective: A graduate level examination of economic decisions in perfectly and imperfectly competitive markets. The focus of this course will be on partial equilibrium analysis. The student is expected to be familiar with optimization techniques involving the use of calculus and linear algebra.

Prerequisites: ECON 7300, together with proficiency in calculus and elementary linear algebra, or permission of the instructor.

Texts: The required text for this course is Microeconomic Analysis by Hal Varian (3-rd ed. Norton; ISBN 0-393-95735-7). A supplementary text that will sometimes be referred to is Microeconomic Theory by Mas-Colell, Whinston and Green (henceforth MWG), published by Oxford University Press.

Class Meeting: Mondays 7:10 p.m. – 10:10 p.m. at FCB 264.

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Office: BB 427 E-Mail: psbose@memphis.edu

Office Hours: Tuesdays 1:30 p.m. – 3:00 p.m., or by appointment.

Method of Examination:

The grade received in this course will be determined by the performance of the student in an in-class mid-term (on March 1), and an in-class final examination, each of equal importance (and of 100 points each). In addition, there will be a quiz of 50 points that will be announced two weeks in advance. I shall be adopting the plus/minus grading scale for this course (ranging from A+ to F). Additional information regarding the plus/minus grading scale can be found on the Registrar’s web page. The reason for missing an exam (or the take-home deadline for submission) must be of a sufficiently serious nature (with supporting documentation as evidence) to be eligible for a make-up (otherwise you will fail the course).
OUTLINE

1. **Consumer Behavior Under Certainty**
   Preference orderings, utility maximization, duality, demand functions, comparative statics and Slutsky decomposition, revealed preference, endowments, measures of consumer welfare.

   Text: ch. 7 - 10
   MWG: ch. 1 - 3

2. **Choice Under Uncertainty**
   Expected utility, risk, measures of risk aversion, applications, mean-variance utility, subjective probability.

   Text: ch. 11
   MWG: ch. 6

3. **Production, Cost, Profit and the Perfectly Competitive Industry**
   Text: ch. 1 - 6, 13
   MWG: ch. 5 & 10

4. **Moral Hazard, Adverse Selection and Game Theory**
   Principal-agent, hidden information in monopoly and price discrimination, Nash equilibrium, mixed strategies, subgame perfection, oligopoly theory

   Text: ch 25, 14 - 16
   MWG: ch 12

5. **Public Goods and Externalities**
   Text: ch. 23, 24

6. **Asset Markets**
   Text: ch. 20
   MWG: ch. 19