Oregon State University
Department of Economics

AREc/Econ 513: Microeconomic Theory II

Instructor: V. Tremblay
Time & Location: TR 10-11:50 am, MLM 332
Office: Ballard Hall 319A
Office Hours: Tu 3-4 pm, Fri 1:30-3:30 pm, and by appointment
Phone: 737-1471
e-mail: v.tremblay@orst.edu
Web Address: http://oregonstate.edu/~tremblav/

Prerequisites: calculus, Econ 312, and Econ 512.

Required Textbooks and Readings:
Other required readings are on reserve at the Valley Library.

Reference Books:

Course Objectives:
1. To understand the firm and market behavior in monopoly and imperfectly competitive markets (using game theory techniques). To understand general equilibrium theory, welfare economics, and the theory of input markets.
2. To improve modeling skills and appreciate the need for clarity of economic rhetoric.

Grading:
Your course grade will depend upon your performance on homework assignments, a midterm exam, and a comprehensive final exam. The weights are as follows:
Homework 10% You are encouraged to work together on homework assignments, but please understand how to answer each question.
Midterm Exam 40% (in week 5-6)
Final Exam 50% Please double check date/time in the schedule of classes

Other Items:
Regarding plagiarism and cheating: the university requires that I inform you that: Plagiarism and cheating are serious offenses and may be punished by failure on the exam, paper, or project; failure in the course; and/or expulsion from the university. For more information please refer to the OSU Schedule of Classes.
Regarding disabilities: students with documented disabilities should inform the instructor of the disability at the beginning of the term.
Topics and Readings: (*Optional Readings)

1. Review and Supplemental Material
   A. Perfect Competition
      * [N] Ch. 14-15
   B. Modeling in Economics

2. Monopoly and Cartels
   [N] Ch. 18

3. Comparative Static Analysis in Perfect Competition and Monopoly
   [S&B] pp. 851-858; [C] Ch. 8

4. Game Theory and Imperfect Competition
   A. Introduction: Dominant and Dominated Strategies; Nash Equilibrium
      [G] Section 1.1; [N] Ch. 10
   B. Cournot and Bertrand Oligopoly
      [N] pp. 528-534 and Ch. 20; [G] Section 1.2
   C. Mixed Strategies
      1) Choice Under Uncertainty, Expected Utility, Risk Aversion, and Bayes Rule
         [S&B] Pages 894-897; *[N] Ch. 8
      2) Mixed Strategies
         [G] Section 1.3
   D. Dynamic Games of Complete and Perfect Information; Backwards Induction
      [G] Section 2.1
   E. Two-Stage Games of Complete but Imperfect Information; Subgame Perfect Equilibrium
      [G] Section 2.2; [N] pp. 536-542
   F. Repeated Games; Dynamic Games of Complete but Imperfect Information; Stackelberg Duopoly, Wage Bargaining, and the Durable Goods Monopoly
      [G] Section 2.3 and 2.4
      * C. Camerer, “Progress in Behavioral Game Theory,” JEP, Fall 1997, pp. 167-188.

5. Comparative Statics and Supermodular Oligopoly Games
   *[R] pp. 325-330; [N] pp. 573-574

6. General Equilibrium Theory
   [N] Ch.16

7. Welfare Economics
   A. Efficiency and Social Welfare
      [N] Chs.17 and 25
   B. Externalities and Public Goods
      [N] Ch.24

8. The Theory of Input Markets
   [N] Chs.21-23