

Advanced Microeconomics II (GM0730)
Spring 2017

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Course Instructions

AMT II

2017

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Schedule

1	Why Markets?	JS	Lecture Notes
2	Static Games	JS	Lecture Notes
3	Monopoly	JS	Lecture Notes
4	Static Games	JS	Problem Set
5	Bounded Rationality	CW	Lecture Notes
6	Pro-social Preferences	CW	Lecture Notes
7	Behavioral Economics	CW	Problem Set
8	Oligopoly	JS	Lecture Notes
9	Dynamic Games	JS	Lecture Notes
10	Bargaining	JS	Lecture Notes
11	Monopoly & Oligopoly	JS	Problem Set
12	Market for Lemons	JS	Lecture Notes
13	Price Discrimination	JS	Lecture Notes
14	Moral Hazard	CW	Lecture Notes
15	Auctions	JS	Lecture Notes
16	Dynamic Games & Applications	JS	Problem Set
17	Moral Hazard	CW	Problem Set
18	Adverse selection	JS	Problem Set

Teachers

JS = Johan Stennek (responsible for course)

CW = Conny Wollbrandt

Course Contents

Advanced Microeconomic Theory II is a continuation of the course Advanced Microeconomic Theory, introducing some more realistic elements to the analysis of how markets and organizations work. We will acknowledge that peoples choices are often interdependent, in the sense that one person's best choice often depends on what other people do, that people often lack all the information they need to make their decisions, as well as the fact that people have limited cognitive skills and that they may care about others.

In terms of theory and methods, the course introduces basic game theory (normal form games, extensive form games, including some games of incomplete information) and contract theory (moral hazard, adverse selection) as well as behavioral economics.

In terms of applications, we cover basic market forms such as "perfect competition" (but with incomplete information about quality), monopoly (including advanced pricing strategies) oligopoly, bargaining and auctions, and we also study the internal operation of firms and organizations.

The contents correspond approximately to the "Micro II" course included in most Ph.D. programs in economics, but is less technically demanding.

Problem Sets

The best way of learning microeconomics is to solve problems. You will thus find yourself spending a large proportion of the time working on the problem sets that we hand out, six in total. You should think of the lectures and the literature mainly as reference material that you can use when solving problems. The problem sets are voluntary, but bear in mind that solving the problem sets is the best way to prepare for the exam. You are encouraged to collaborate with other students while solving the problem sets, but you all need to be prepared to present your solutions in class.

Examination

At the end of the course there is a final exam. You are allowed five attempts to take the exam, but we only give three exams every academic year. Taking the exam early is encouraged.

- On the first occasion every academic year, one question on the final exam will be (almost) identical to one of the questions on the problem sets.
- If you wait until next academic year, you may also have to study some additional material not covered this year, as there are small changes in the course between the years.

Required Reading

Lecture notes and articles distributed.