ECON 9030: Microeconomic Analysis II

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It should be noted that this course syllabus provides a general plan for the course and deviations may be necessary.

Locations: Langdale Hall 331

Time and Date: 3:00pm-4:15pm, Mondays and Wednesdays.

Office Hours: Mondays and Wednesdays: 9:30am-10:30am, 1:30pm-2:30pm; Other days: walk in

Important Dates:
01/8/2018–First day of class
01/15/2018–MLK holiday; no classes
02/19/2018–test 1
02/27/2018–last day to withdraw (www.gsu.edu/es/withdrawals.html for details)
03/12/-03/18/2018–Spring break; no classes
03/21/2018–test 2
04/23/2018–last day of class
04/30/2018(1:30pm-4pm)–final exam

Course Description: This is a continuation of Microeconomic Analysis I. We will cover three topics: general equilibrium analysis, welfare, and information and incentives.

Prerequisite: Econ 8030 and Econ 9010

Grades: Grades will be based on two in-class exams (25% each), homework assignments (15%), and a final exam (35%). If you miss an exam for a reason approved by the dean, the weight of the exam will be re-allocated to the other two exams.

Problem Sessions and Homework Assignments: The TA, Susan Tang, for this course will hold regular problem sessions and will grade your homework assignments. She will coordinate the meeting times with you directly.
**Attendance Policy:** Regular attendance is expected. If you must miss a class, please let the instructor know ahead of time (or asap). University policy states that all instructors must, on a date after the mid-point of the course (to be set by the Provost), give a WF to all those students who are on their rolls, but no longer taking the class; and report the last day the student attended or turned in an assignment.

**Academic Honesty:** Students are expected to abide by GSU’s policy on academic honesty, which is published in the student handbook. A portion of this policy follows:

“...As members of the academic community, students are expected to recognize and uphold standards of intellectual and academic integrity. The University assumes as a basic and minimum standard of conduct in academic matters that students be honest and that they submit for credit only products of their own efforts... The student is responsible for understanding the legitimate use of resources; the appropriate ways of acknowledging academic, scholarly, or creative indebtedness; and the consequences of violating this responsibility”

Please see the university’s policy on Academic Honesty on the following website: http://www2.gsu.edu/ wwwfhb/sec409.html

**Text:** There are several excellent textbooks that are available:


**Topics and Reading Assignments:**

- Equilibrium Analysis: [JR] ch 5
  - exchange economy
  - Walras: competitive equilibrium
  - Edgeworth: core
  - competitive equilibrium with production
  - efficiency and welfare theorems
  - equity as no-envy
  - uniqueness and stability of competitive equilibrium
  - time and uncertainty

- **Test #1:** Feb 19
• Social Choice and Welfare: [JR] ch 6
  – preference, utility and welfare
  – Bergson-Samuelson social welfare function
  – Arrow social welfare function
  – justice and equality
  – rights, liberty, and freedom
  – consequentialism and non-consequentialism
  – behavioral welfare economics

• Test #2: March 21

• Incentives and Information: [JR] chs 7, 8, 9
  – information asymmetry and competitive equilibrium
  – insurance and labor markets with asymmetric information
  – strategic form games of complete information and Nash equilibrium
  – strategic form games of incomplete information and Bayesian Nash equilibrium
  – extensive form games of complete information and subgame perfect Nash equilibrium
  – extensive form games of incomplete information and perfect Bayesian equilibrium
  – auctions
  – cooperative games

• Final Exam: April 30, 1:30pm-4pm
Student Learning Outcomes:

- Students should understand the relationship between a market’s competitive structure and economic efficiency.
- Students should understand how behaviors of economic agents are modeled and how economic activities are organized in a competitive market system.
- Students should be able to derive excess demands and know how to work out Walrasian equilibrium.
- Students should know and be able to analyze the relationship between Walrasian equilibrium allocations and core allocations arising from non-market mechanisms.
- Students should understand welfare properties of Walrasian equilibrium.
- Students should have a good grasp of issues relating to normative policy analysis, and be familiar with and be able to use various social welfare functions for such analysis.
- Students should have a basic understanding of game theory and be able to apply the tools developed in game theory to various settings.
- Students should have a basic understanding of asymmetric information and its impact on economic efficiency.
Some further reading materials

1. General Equilibrium:

(b) *Arrow, K.J. (1972), General economic equilibrium: purpose, analytic techniques, collective choice, Nobel Memorial Lecture, December 12, 1972.
(j) Stolper, W. and P. Samuelson (1941), Protection and real wages, Review of Economic Studies, 9, 58-73.

2. Welfare Economics and Social Choice:

(d) Bergson, A. (1938), A reformulation of certain aspects of welfare economics, Quarterly Journal of Economics, 52, 310-334.
3. Incentives, and Information and Implementation:


