

Econ 510: Microeconomic Theory, Summer 2017

Instructor: Peter Norman Gardner 300C, normanp@email.unc.edu

Office Hours Just after class or by appointment.

Logistics: We meet Daily 11:30-1:00 in Dey 207.

Course Description: This is a course in microeconomic theory that focuses on identifying conditions when markets are efficient and when and why markets sometimes fail. We will also ask whether markets can be designed in ways to fully or partially overcome market failures. Examples of specific "markets" include insurance, pollution, matching, and public goods. In order to study this we also have to discuss some classical equilibrium theory as well as take an extended detour into incentives and game theory: how do strategic self interested agents act? The study of incentives is the bedrock of modern economic thought, and we will use the first part of the course to build the tools employed by economic theorists before applying them to some real world problems.

Exams and Grades: All graded components fall under the jurisdiction of the Honor Code. If you have any questions concerning the Honor Code Policy for this course, please ask.

There will be one in class midterm, June (25% of the grade), a final exam (40% of grade), a paper requirement (25% of the grade), and a weekly homework assignment (10% of the grade). You will have to present your paper in class, and this presentation is relevant for the grade on your paper. You are encouraged to cooperate when solving the homework problems, but you should hand in individually.

The Paper: I will provide details about the (very limited) expectations about the paper in class. You may work in groups of up to 3 students, and I encourage everyone to work with at least one other student. The preliminary timetable is as follows:

- By May 30 you should hand in a brief synopsis, containing a title, a one paragraph abstract, and a brief (roughly one page) description of what you intend to accomplish.
- By June 8 you should hand in a draft of your paper.
- By June 15 you should hand in the final version of the paper.

Textbook: There is no textbook required, but *An Introduction to Game Theory*, by M.J Osborne (Oxford University Press, 2003, ISBN-13: 978-0195128956) is recommended for.

Need Extra Assistance? The *EconAid Center*, which is located in Gardner 009, will be staffed Monday through Friday during the first summer school session. You are encouraged to stop by and ask the person on duty for assistance and/or use this space for a personal or group study space. The hours for the EconAid Center are:

- Mondays (1pm-3pm)
- Tuesdays (1pm-5pm)
- Wednesdays (1pm-5pm)
- Thursdays (1pm-5pm)
- Fridays (1pm-3pm)

Outline:

1. Some Basic Game Theory
2. Competitive Equilibrium Theory
3. Market Failures and market power
4. Collective Choice
5. Public Goods (and Bads)
6. Auctions
7. Information Economics