

**Boston College**  
Department of Economics

EC 741 Microeconomic Theory II

*Spring 2010*

**Instructor** Uzi Segal.

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**Lectures** Tuesday and Thursday 1:00–3:00, Seminar room.

**Office Hours** Tuesday 3:00–4:00 if there is a lecture on this day, or by appointment.

**Website** All problem sets, solutions, lecture notes, old exams, relevant articles etc. will be loaded to the course site at WebCT. Please familiarize yourself with it and make sure to check it at least twice a week (better check it daily).

**Text** Andreu Mas-Colell, Michael D. Whinston, and Jerry R. Green: *Microeconomic Theory*, OUP. In the past, students found Hal Varian: *Microeconomic Theory* useful.

**Readings** The text has a long (and good) lists of references. Occasionally, I will refer you to some of these articles.

**Exams** A midterm on March 11, class time. Its weight will be 45% of the course grade (that is, 90% of my share of it). *You have to attend the exam.* If you know in advance that you will not be able to take it, come and see me as early as possible. If you do not take the exam and you do not have a just reason, your grade for that exam will be zero. If you take the exam, its grade, whatever it is, will not be waived.

**Homework** There will be 5 problem sets. You have to solve and submit all of them *electronically*. You'll get 2 points for each submitted set, provided you answered at least half of it. You have to submit each problem set one week after the day it was circulated. You have to submit at least 3 problem sets to be eligible to take the midterm exam.

**Lecture Notes** I'm going to use slides during the term and they are loaded in the course site. Please print them (6 slides per page) and bring them with you to class so that you'll be able to mark your notes on them. *These slides are not supposed to substitute for the lectures.* Also, I will provide you with solutions to the problem sets. Their aim is to help those of you who tried to solve a problem and want to check their solution (or to find out where they've gone wrong). Please let me know if you find any mistakes in the notes or the solutions.

**A Note on Academic Integrity** You are expected to observe the highest standards of academic integrity. Please review the standards and procedures at <http://www.bc.edu/integrity>. If you have any questions, please consult with me. Violations will be reported to the Deans' Office and reviewed by the College's Committee on Academic Integrity.

**Topics** We'll cover the following issues.

1. Arrow's impossibility theorem.
2. Harsanyi's utilitarian theorem.
3. Expected utility axioms and theorem.
4. Risk aversion.
5. Insurance.
6. Stochastic dominance.
7. Asymmetric information.
8. Uncertainty (ambiguity)
9. Experimental decision theory.