

MA Economics (CITD)

**Micro Economics II
Winter Semester 2008**

Course Instructor: Sangeeta Bansal

I Non-Cooperative Game Theory

1. Representation of a game: normal form, extensive form

2. Static games of Complete Information

Prediction of an outcome

Dominant strategies

Iterated elimination of dominant strategies

Nash equilibrium: Pure strategies, mixed strategies

Rationalizable equilibrium

3. Dynamic Games of Complete Information

Backward induction and subgame perfect equilibrium

Sequential bargaining-Rubinstein model

Repeated games: finite and infinite

4. Static Games of Incomplete Information

Static Bayesian games and Bayesian Nash equilibrium

II Industrial Organization

Product selection, quality

Bertrand paradox, Cournot analysis

Product differentiation

Entry, accommodation and exit

III Asymmetry of Information

IV General Equilibrium and Welfare Analysis

Suggested Readings

Gibbons, R (1992), *A Primer in Game Theory*.

Kreps, D (1990) *A Course in Microeconomic Theory*.

Fudenberg and Tirole (1991), *Game Theory*, MIT Press.

Dixit and Skeath, *Games of Strategy*, Norton and Company.

Mas-Colell, Whinston and Green, *Microeconomic Theory*

Osborne and Rubinstein, *A course in Game Theory*

Osborne *An introduction to game theory*

Tirole *Industrial Organization*

Oz Shy *Industrial Organization*

Grading will be based on two exams and a paper presentation.