

# Microeconomic Theory I: A Notebook

*With Jonathan Libgober*

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Check my [Github Page](#), or [email me](#)!

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## HERE WE GO!

This is my learning notebook of Microeconomic Theory I (Course number: ECON601 at USC Economics). As one of the core courses in an economic Ph.D. curriculum, Microeconomic Theory I is beyond important to my research. Therefore, I would love to use this notebook as a commitment mechanism, to document lecture notes, discuss session and office hour intuitions, reading summaries, my personal questions regarding the topics and more. By building a file from scratch, hopefull I could have a more systematic and sophisticated understanding on the content of this course.

I thank Prof. Jonathan Libgober at USC Economics for leading the discussion of the course and providing intuitive ways to understand microeconomic theory. Please check his webpage [here](#), he is such fun.

I also appreciate the time and effort my TA Qitong Wang put into this course, guiding me through discussing sessions and problem sets. When I have questions, he is always there to help.

Following the structure of the course, this notebook will cover three aspects of microeconomic theories: (a) individual decision making, (b) game theory, (c) mechanism design and contract theory. Apart from Jonathan's lecture notes, I will also summarize the reading materials, including: [Mas-Colell et al. \(1995\)](#)'s *Microeconomic Theory*, [Mailath \(2018\)](#)'s *Modelling Strategic Behavior*<sup>1</sup>, [Fudenberg and Tirole \(1991\)](#)'s *Game Theory*, [Myerson \(1991\)](#)'s *Game Theory: Analysis of Conflicts*, [Bolton and Dewatripont \(2005\)](#)'s *Contract Theory*, [Mailath and Samuelson \(2006\)](#)'s *Repeated Games and Reputation* and [Osborne and Rubinstein \(1994\)](#)'s *A Course in Game Theory*. Other materials will also be referred to along the way.

Building this notebook is truly a memorable journey for me. I would love to share this review and all the related materials to anyone that finds them useful. And unavoidably, I would make some typos and other minor mistakes (hopefully not big ones). So I'd really appreciate any correction. If you find any mistakes, please send the mistakes to this email address [saizhang.econ@gmail.com](mailto:saizhang.econ@gmail.com), BIG thanks in advance!

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<sup>1</sup>Latest version (May 2021) available [here](#).

# Contents

<b>I</b>	<b>Individual Decision Making</b>	<b>4</b>
1	Utilities, Preferences and Choices	5
1.1	Set Theory and Space Theory . . . . .	5
1.2	Chap1Sec2 . . . . .	5
1.3	Chap1Sec3 . . . . .	5
1.4	Chap1Sec4 . . . . .	5
2	Fundamentals of Consumer Theory	6
3	Lagrange Maximization and Duality	7
4	Monotone Comparative Statics	8
5	Expected Utility and Decisionmaking under Uncertainty	9
6	Aggregation and the Existence of a Representative Consumer	10
7	Producer Theory	11
8	Stochastic Choice	12
<b>II</b>	<b>Game Theory</b>	<b>13</b>
9	Nash Equilibrium and Bayesian Nash Equilibrium	14
10	Rationalizability and DOminant Strategies	15
11	Correlated Equilibrium	16
12	Dynamic Games and Refinements	17
13	Repeated Games/Folk Theorem	18
14	Recursive Methods in Repeated Games	19

<b>III Mechanism Design and Contract Theory</b>	<b>20</b>
15 Arrow's Theorem and Social Choice	21
16 Boundaries of the Firm and Coase's Theorem	22
17 Implementation Concepts	23
18 The Revelation Principle	24
19 Auctions and Optimal Auctions	25
20 Efficient Implementation	26
21 Moral Hazard	27
22 Full Implementation	28
Bibliography	29

**Part I**

**Individual Decision Making**

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# CHAPTER 1

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## UTILITIES, PREFERENCES AND CHOICES

### Contents

1.1	Set Theory and Space Theory . . . . .	5
1.2	Chap1Sec2 . . . . .	5
1.3	Chap1Sec3 . . . . .	5
1.4	Chap1Sec4 . . . . .	5

In this chapter, I review the fundamental concepts that will reoccur constantly in this notebook.

In Section 1.1, I summarize the basic elements of set theory,

### 1.1 Set Theory and Space Theory

something

### 1.2 Chap1Sec2

something

### 1.3 Chap1Sec3

### 1.4 Chap1Sec4

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## CHAPTER 2

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### FUNDAMENTALS OF CONSUMER THEORY

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## CHAPTER 3

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### LAGRANGE MAXIMIZATION AND DUALITY



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## CHAPTER 4

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### MONOTONE COMPARATIVE STATICS

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## CHAPTER 5

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### EXPECTED UTILITY AND DECISIONMAKING UNDER UNCERTAINTY

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## CHAPTER 6

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### AGGREGATION AND THE EXISTENCE OF A REPRESENTATIVE CONSUMER

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## CHAPTER 7

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### PRODUCER THEORY

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## CHAPTER 8

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### STOCHASTIC CHOICE

# **Part II**

## **Game Theory**

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## CHAPTER 9

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### NASH EQUILIBRIUM AND BAYESIAN NASH EQUILIBRIUM

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## CHAPTER 10

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### RATIONALIZABILITY AND DOMINANT STRATEGIES



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# CHAPTER 11

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## CORRELATED EQUILIBRIUM

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## CHAPTER 12

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### DYNAMIC GAMES AND REFINEMENTS

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## CHAPTER 13

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### REPEATED GAMES/FOLK THEOREM

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## CHAPTER 14

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### RECURSIVE METHODS IN REPEATED GAMES

## **Part III**

# **Mechanism Design and Contract Theory**

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## CHAPTER 15

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### ARROW'S THEOREM AND SOCIAL CHOICE

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## CHAPTER 16

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### BOUNDARIES OF THE FIRM AND COASE'S THEOREM

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## CHAPTER 17

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### IMPLEMENTATION CONCEPTS



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## CHAPTER 18

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### THE REVELATION PRINCIPLE

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## CHAPTER 19

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### AUCTIONS AND OPTIMAL AUCTIONS

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## CHAPTER 20

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### EFFICIENT IMPLEMENTATION

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## CHAPTER 21

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### MORAL HAZARD

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## CHAPTER 22

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### FULL IMPLEMENTATION

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