Microeconomics 2020/2021

8101-8104 Recitations

University of Minnesota

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CLASS

Lectures	
Prof. Aldo Rustichini	TuTh 9:45-11:00, Online
	aldo.rustichini@gmail.com
	sites.google.com/site/aldorustichini/
	CANVAS webpage
Recitations	
me: Jakub Pawelczak	Th 4:00-5:15 pm, Hanson Hall 1-108
	pawel042@umn.edu
	jakubpawelczak.com
Office Hours:	
Lecture	by mail on Zoom
Recitation	Mondays 5:30-6:30 pm, on Zoom.office Hanson Hall 3-105
Exams:	
Midterm	TBD
Final	TBD

CONTENT

Part 1: Individual Decision Making

- ► 1. Preference and Choice
- ► 2.Consumer Choice
- ► 3. Classic Demand Theory
- ► 4. Aggregate Demand
- ► 5. Production
- ► 6. Choice Under Uncertainty

Part 2: Game Theory

- ► 7. Basic Elements of Noncooperative Games
- ► 8. Simultaneous-Move Games
- ► 9. Dynamic Games

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Part 3: Market Equilibrium and Market Failure

- ▶ 10. Competitive Markets
- ▶ 11. Externalities and Public Goods
- ▶ 12. Market Power
- ▶ 13. Adverse Selection, Signaling and Screening
- ▶ 14. The Principal-Agent Problem

Part 4: General Equilibrium

- ▶ 15. General Equilibrium Theory: Some Examples
- ▶ 16. Equilibrium and Its Basic Welfare Properties
- ▶ 17. The Positive Theory of Equilibrium
- ▶ 18. Some Foundations for Competitive Equilibria
- ▶ 19. General Equilibrium under Uncertainty
- ▶ 20. Equilibrium and Time

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Part 5: Welfare Economics and Incentives

- ▶ 21. Social Choice Theory
- ▶ 22. Elements of Welfare Economics and Axiomatic Bargaining
- ▶ 23. Incentives and Mechanism Design

TOPICS

1. Decision theory, basic definitions of game theory
2. Von Neumann Morgenstern utility over lotteries. Game on consequences
3. Normal Form Games
4. Best response correspondence: pure, mixed
5. Nash equilibrium:proof
6. Strict and Weak Dominance, Rationalizability, Beliefs, IESDS
7. Extensive Form Games
8. Behavioral strategies
9. Linear, games of perfect recall, Kuhn theorem
10. Subgame Perfect equilibria
11. Sequential equilibria

WHERE ARE WE HEADED

$$SE \subseteq (weak)PBNE \subseteq SPE \subseteq NE$$

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CREDIT

Grades based on weighted averages of the results from:

- Homeworks:
    - 5 homeworks this mini, usually announced a week before the deadline.
    - working and discussing together highly recommended
    - but please hand over **your own solutions and don't copy**
    - Please take special care of **readability**.
    - Graded as soon as possible and handed back to you.
- Midterm and final examination every mini.

Remember: what really matters is the prelim.

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RECITATIONS

Content published on jakubpawelczak.com before classes:

- Stuff a professor finds useful.
- Stuff I find useful.
- Stuff you find useful: email requests, submission deadline: Tuesday before recitation, 4:30.
- List of problems to be solved during a recitation published before the class.

How does it work?

- I solve exercises, you rewrite?
- You solve exercise, you rewrite?
- Do not hesitate to ask **relevant** questions.
- Please interrupt me every time you think I made typo or there is mistake in my proof. We will all benefit from it!

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OFFICE HOURS

Regarding office hours:

- **Monday 5:30-6:30 pm**, on **Zoom**.
- my office FYI is Hanson-Hall 3-105 (but university policy does not allow OH in office)
- Active link to zoom will be on my webpage
- Questions concerning material covered during lectures and recitations
- Tell me in advance (email) what do you want to ask me about: more chance for obtaining a good answer.

Questions?