

EC537
Microeconomic Theory for Research Students
Part I: MT Weeks 1-5

Textbook

Osborne and Rubinstein, *A Course in Game Theory*, MIT Press 1994.
Freely accessible at <http://theory.economics.utoronto.ca/books/>

TOPICS (subject to change)

1. Nash Bargaining and Zero Sum Games

Textbook.

2. Rationalizability, Knowledge, Rationality

Aumann R, Agreeing to Disagree, *The Annals of Statistics*, 1976, 1236-1239.

Aumann R, Brandenburger A, Epistemic Conditions for Nash Equilibria, *Econometrica*, 1995, 1161-1180.

Brandenburger, A, Dekel E, Hierarchies of Beliefs and Common Knowledge, *Journal of Economic Theory*, 59, 1993, 189-198.

Dekel E, Gul F, (1997): "Rationality and Knowledge in Game Theory," in Kreps D, Wallis K (Eds.), *Advances in Economics and Econometrics: Theory and Application, Seventh World Congress, Volume 1*, 87-172, Cambridge University Press, 1997.

Mertens J F, Zamir S, Formulation of Bayesian Analysis for Games with Incomplete Information, *International Journal of Game Theory*, 1985, 1-29.

Rubinstein R, The Electronic Mail Game: Strategic Behavior under "Almost Common Knowledge", *American Economic Review*, 1989, 385-391.

3. Repeated Game with Private Monitoring

Abreu D, Pearce D, Stacchetti E, Toward a Theory of Discounted Repeated Games with Imperfect Monitoring, *Econometrica*, 1990, 58, 1041-1063.

Ely J, Valimaki J, A Robust Folk Theorem for the Prisoner's Dilemma, *Journal of Economic Theory*, 2002, 102, 84-105.

Ely J, Horner J, and Olszewski W. Belief-free Equilibria in Repeated Games, *Econometrica*, 2005, 73, pp. 377-415.

Horner J, and Olszewski W., The Folk Theorem for Games with Private Almost-Perfect Monitoring, *Econometrica*, 2006, 74, pp. 1499-1545.

Fudenberg D, Levine D, Maskin E, The Folk Theorem with Imperfect Public Information, *Econometrica*, 1994, 62, 997-1040.

Green E, Porter R, Noncooperative Collusion under Imperfect Price Formation, *Econometrica*, 1984, 52, 87-100.

Piccione M, The Repeated Prisoner's Dilemma with Imperfect Private Monitoring, *Journal of Economic Theory*, 2002, 70-83.

4. Global Games

Carlsson, H. and E. Van Damme. "Global Games and Equilibrium Selection," *Econometrica* 61 (5), 1993: 989-1018

Morris S and Shin H, Unique Equilibrium in a Model of Self-Fulfilling Attacks, *American Economic Review* 1998, 587-597

Morris S and Shin H, Global Games: Theory and Applications, hyun-songshin.org/www/seattle.pdf

5. Bounded Rationality

Abreu D, Rubinstein A, The Structure of Nash Equilibrium in Repeated Games with Finite Automata, *Econometrica*, 1988, 1259-1281.

Banks J, Sundaram R, Repeated Games, Finite Automata and Complexity, *Games and Economic Behavior*, 1990, 97-117.

Piccione M, Finite Automata Equilibria with Discounting, *Journal of Economic Theory*, 1992, 180-193.

Rubinstein A, *Modelling Bounded Rationality*, 1998, MIT Press. Freely accessible at <http://theory.economics.utoronto.ca/books/>

Spiegler R, Competition over agents with boundedly rational expectations, *Theoretical Economics*, 2006.