

Economics 182: Topics in Microeconomics

Spring 2002, Prof. Joel Watson

Schedule: At the beginning of the quarter, we will meet MWF 9:05 – 9:55 in APM 2301. When our Spring schedules have solidified, we will pick a mutually convenient time to have our regular class sessions.

Grading: This will be based on a take-home midterm examination, class participation (presentations and organizing discussions), and a report.

Office Hours: W 1:30 – 2:30, before and after class, and by appointment.

Readings: Various chapters in *Strategy: An Introduction to Game Theory* and handouts.

This course will explore, in depth, several topics featuring strategic interaction. Some of the topics represent areas of my own research interest; on these, I hope to use the course to further my research and to expose you to ideas and methods on the forefront of economic inquiry. Some of the topics have yet to be determined. Your interests will influence what we cover. The class will be organized in a “reading group” format, whereby we will interact as a team. Class sessions will consist of some lectures, discussions of readings (which you will lead), experiments, and reports.

Tentative Course Outline

Review of Basic Concepts in Game Theory

1. Game forms
2. Static situations: best response, and equilibrium
3. Dynamic situations: sequential rationality and beliefs, backward induction
4. Assignment and reports — parlor games

Negotiation

1. Experiments/cases and theory (alternating) — information, power
2. Assignment and reports — negotiate in the real world

Contract

1. Experiments and theory (alternating) — information, risk and uncertainty, types of enforcement, renegotiation, mechanism design
2. Assignment and reports — durability, contractual form, ambiguity

Institutions

1. Theoretical overview — taxonomy
2. Theory — layered contract, enforcement, active contracting and renegotiation
3. Readings on law, norms, and community enforcement
4. Assignment and reports — ?

(?) Bankruptcy

(?) More Specific Topics