

**Economics 200C: Games and Information, Second Half (with Joel Sobel) Vincent Crawford  
Spring 2009 Economics 319, 534-3452**

Economics 200C: Games and Information concludes the microeconomics core. It provides an introduction to noncooperative game theory, developing methods for analyzing how people make decisions when their consequences are influenced by other peoples' decisions, and showing how to use those methods to analyze strategic and informational questions in microeconomics. My half of the class focuses on the last group of topics. The course will meet from 8:00 (promptly)-9:55 on Tuesdays and Thursdays in Economics Room 300, with the first class of my segment on Thursday, May 7 and the last class on Thursday, June 4. I will be away Thursday, May 21, but will try to make up the material by having only a five minute break and running five minutes long in the other classes. If we don't get enough done, I will schedule a make-up class as well. TA David Eil will hold sections Mondays (except May 25, Memorial Day) from 1:30-3 in SQH 244. My office hours will be 2:00-3:00 Wednesdays or by appointment; David's are 1:00-3:00 Thursdays in SQH 238. The semi-final, closed-book, is in Econ 300, Thursday, June 11th, from 8:00-9:20 a.m. Your grade will be a simple aggregate of your grades on Joel Sobel's and my semi-finals. There are no formal homework assignments, but it is strongly recommended that you do the practice problems and the textbook problems recommended there and in the lecture slides. Lecture notes and practice problems are posted at <http://dss.ucsd.edu/~vcrawfor/econ200Cb.htm>.

**Readings:** The lectures will mainly follow:

Mas-Colell, Whinston, and Green, *Microeconomic Theory*, Oxford 1995 ("MWG" below)

Kreps, *A Course in Microeconomic Theory*, Princeton 1990 ("Kreps")

I have also listed some readings in:

McMillan, *Games, Strategies, and Managers*, Oxford 1992 ("McMillan")

Varian, *Microeconomic Analysis*, W. W. Norton 1992 (third edition) ("Varian")

I suggest that you do the readings in MWG and Kreps below plus whatever else you find helpful. (Varian is helpful, but is not an adequate substitute for MWG and Kreps for our purposes.)

### **1. Adverse Selection**

MWG 436-450; Kreps 625-629; Varian 466-469

George Akerlof, "The Market for 'Lemons': Quality Uncertainty and the Market Mechanism," *Quarterly Journal of Economics* (August 1970)

George Akerlof, "Behavioral macroeconomics and macroeconomic behavior," *American Economic Review* (June 2002)

### **2. Signaling and Screening**

MWG 450-467; Kreps 629-652; Varian 469-471

Michael Spence, "Job Market Signalling," *Quarterly Journal of Economics* (August 1973)

Michael Rothschild and Joseph Stiglitz, "Equilibrium in Competitive Insurance Markets: An Essay on the Economics of Imperfect Information," *Quarterly Journal of Economics* (November 1976)

Joseph Stiglitz, "Information and the change in the paradigm in economics," *American Economic Review* (June 2002)

### **3. Agency**

MWG 477-506; Kreps 577-614 and 661-674; Varian 441-466; McMillan 91-129

### **4. Incentives and Mechanism Design**

MWG 857-910; Kreps 661-703; McMillan 133-159