Topics in Microeconomics (21931)

Choices, thinking in games, communication, price formation, matching and mass media

Degree/study: ADE and Economics
Course: third and fourth
Term: Third
Number of ECTS credits: 5 credits
Hours of student's dedication: 125 hours
Language or languages of instruction: English
Professors: Larbi Alaoui / Jose Apesteguia / Jan Eeckhout / Alexander Frug / Fabrizio Germano / Andreu Mas-Colell / Rosemarie Nagel

1. Presentation of the subject

The course aims to cover advanced topics in microeconomics, from individual and interactive decision-making, bounded rationality to strategic communication, mass media and price formation. The lectures will cover theoretical, experimental and empirical material. There is no single reference textbook but rather each instructor will provide a list of articles and other references pertinent to the topics covered. Microeconomics 1 and 2 (20836, 20838), as well as Introduction to Game Theory (22102) are required. Having also taken the courses Information Economics (20854) and Game Theory (21932) is highly recommended.

2. Competences to be attained

The student should learn how to think about and model aspects of political economy, communication, media and social interactions more generally.

3. Content

Topic 1 Behavioral Decision Theory (Prof: Jose Apesteguia)

Topic 2 Interactive Decisions and Thinking in Games (Profs: Larbi Alaoui and Fabrizio Germano)

Topic 3 Price Formation (Profs: Andreu Mas-Colell and Rosemarie Nagel)

Topic 4 Strategic Communication and Persuasion (Profs: Alexander Frug and Fabrizio Germano)

Topic 5 Matching (Profs: Jan Eeckhout and Rosemarie Nagel)

Topic 6 Media Economics (Prof: Fabrizio Germano)
4. Course Evaluation

There will be three problem sets posted on aula global that are to be handed in one or two weeks later as well as one short seminar presentation that can be done in group and for which a short handout (about 4 pages long) has to be handed in; the presentation is mandatory and will be in weeks 9 and 10 of the quarter in the seminars. Grades are based on the final exam (50%), the class presentation (30%), the problem sets (10%), and participation in experiments, class and seminars (10%). A passing grade on the final exam is required to pass the class. There will be no midterm.

5. Tentative Schedule

<table>
<thead>
<tr>
<th>№</th>
<th>Week</th>
<th>Theory: ThFr 18:00-19:30</th>
<th>Seminars: We 9:00-10:30</th>
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<tbody>
<tr>
<td>1.</td>
<td>11/4-15/4</td>
<td>Apesteguia (Th/Fr) Behavioral Decisions</td>
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<td>2.</td>
<td>18/4-22/4</td>
<td>Apesteguia (Th/Fr) Behavioral Decisions</td>
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<td>3.</td>
<td>25/4-29/4</td>
<td>Germano (Th/Fr) Interactive Decisions</td>
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<td>4.</td>
<td>2/5-6/5</td>
<td>Alaoui (Th) Thinking in Games</td>
<td>Germano (Fr) Interactive Decisions</td>
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<td>5.</td>
<td>9/5-13/5</td>
<td>Germano (Th) Interactive Decisions</td>
<td>Mas-Colell (Fr) Price Formation</td>
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<td>6.</td>
<td>16/5-16/5</td>
<td>Nagel (Th) Price Formation</td>
<td>Germano (Fr) Strat. Communication</td>
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<td>7.</td>
<td>23/5-27/5</td>
<td>Germano (Th/Fr) Strat. Communication</td>
<td>Germano</td>
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<td>8.</td>
<td>30/5-3/6</td>
<td>Eeckhout (Th) Matching</td>
<td>Nagel (required)</td>
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<td>Frug (Fr) Bayesian Persuasion</td>
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<td>9.</td>
<td>6/6-10/6</td>
<td>Frug (Th) Bayesian Persuasion</td>
<td>Germano (required)</td>
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<td>Germano (Fr) Media Economics</td>
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<td>10.</td>
<td>13/6-17/6</td>
<td>Germano (Th/Fr) Media Economics</td>
<td>Germano (required)</td>
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Note: In Weeks 5 and 8 there will be an experiment in the seminar classes and participation is required. In Weeks 9 and 10 there will be presentations in the seminar classes and participation in these seminars is mandatory; a list of papers for presentation will be posted early in the quarter; a detailed schedule will be announced. The papers presented in the seminars will be exam relevant.

6. References

Topic 1 Behavioral Decision Theory

Classic theory review

Experimental evidence

Bounded rationality
Reference-dependence behavior

Topic 2 Interactive Decisions and Thinking in Games

Interactive decisions and higher order beliefs

Thinking in games

Topic 3 Price Formation

Topic 4 Strategic Communication and Bayesian Persuasion

Cheap talk:

Experts and Persuasion:

Topic 5 Matching

Topic 6 Media Economics