

Professor Jim Engle-Warnick
Office: Leacock 531
Telephone: 514-398-1559
e-mail: please contact me by webct
Office Hours: 4:00pm – 5:00pm Tuesday and Thursday

Course location: Burnside 1B45
Date and time: Tuesday and Thursday, 2:35pm – 3:55pm

WebCT Communication: If you wish to contact the instructor by e-mail, please use the facility in WebCT. A discussion list is available for use on WebCT. Important events will be posted on the WebCT calendar.

Textbook: Rasmusen (2006): *Games and Information*, 4th ed., Blackwell Publishers. The textbook is required. We will also use a bit of the Varian textbook from the fall semester, *Intermediate Microeconomics: a Modern Approach*, 7th ed.

Course pack: There is no course pack. Some of the information in the book will be supplemented with notes.

Content: The year-long course ECON250 is an introduction to economic theory, in which you learn analytical tools necessary to be able to read, understand, and evaluate modern economic research. The winter term will focus on game theory, which is the foundation of study of many topics in economics.

Learning Outcomes: Given games of both complete and asymmetric information you will be able to solve them. You will be able to model a strategic situation yourself as a game and solve it. You will understand, derive and apply expected utility theory. You will solve problems in exchange requiring understanding of general equilibrium theory. You will be able to handle basic mathematical proofs relevant to economic and game theory.

Assessment: Fall term, Professor Parent: 50%; Winter term, Professor Engle-Warnick: 50%.

Composition of winter term assessment: Midterm exam: 35% (Date: Feb 15th); Final exam (comprehensive): 65%. A doctor's note is required for alternate arrangements for a missed exam.

TA: Carlene Belford; office: Leacock 431; office hours: Thursday, 4:30pm – 6:00pm; conferences: 10:00am – 11:25am and 11:35am – 12:55pm. Conference location will be listed on Minerva.

General Information:

McGill University values academic integrity. Therefore all students must understand the meaning and consequences of cheating, plagiarism and other academic offences under the Code of Student Conduct and Disciplinary Procedures (see <http://www.mcgill.ca/integrity> for more information).

If you have a disability please contact the instructor to arrange a time to discuss your situation. It would be helpful if you contact the Office for Students with Disabilities at 398-6009 before you do this.

Additional policies governing academic issues which affect students can be found in the McGill Charter of Students' Rights (online at <http://ww2.mcgill.ca/students~handbook/chapter1.html>).

Topics and Readings:

I. Expected Utility Theory (notes and Rasmussen book)

II. Game Theory (Rasmussen)

PART 1: GAME THEORY

- 1. The Rules of the Game**
- 2. Information**
- 3. Mixed and Continuous Strategies**
- 4. Dynamic Games with Symmetric Information**
- 5. Reputation and Repeated Games with Symmetric Information**
- 6. Dynamic Games with Incomplete Information**

PART 2: ASYMMETRIC INFORMATION

- 7. Moral Hazard: Hidden Actions**
- 8. Further Topics in Moral Hazard**
- 9. Adverse Selection**
- 10. Mechanism Design and Postcontractual Hidden Knowledge**
- 11. Signalling**

PART 3: APPLICATIONS

- 12. Bargaining**
- 13. Auctions**
- 14. Pricing**

III. Exchange (Varian book)