

**SCHOOL OF ECONOMICS
SINGAPORE MANAGEMENT UNIVERSITY**

Microeconomics I (ECON 601)

Academic Year 2020-21, Term 1; Thursdays; 8:30 - 11:45;
However, we have the class on **Nov 26** from **15:30 to 18:45**;
at Seminar Room 3.2 of SOE/SOSS Building (if offered off-line)

Instructor: Takashi Kunimoto

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Office: SOE 5051 (5th floor of SOE/SOSS building)

Class Web: We use “eLearn-SMU” as this course’s class web.

All the announcements are made on the class web as well as in the class and I often send you emails through the eLearn system. So, please check this website frequently and if necessary, make sure that you forward emails in the eLearn system to your regular account.

OFFICE HOUR: I hold my office every week (except public holidays, midterm recess, and exam period). The exact format and schedule of my office hour will be announced later.

TA: Yaohan Chen (yaohan.chen.2017@phdecons.smu.edu.sg).

Our TA will grade homework assignments and exams and hold the session where he will discuss the homework assignments and the midterm exam.

TA SESSION: Yaohan holds the session every week (except public holidays, recess weeks, and exam period). The exact format and schedule of this will be announced later.

LEARNING OBJECTIVES:

This course aims at providing a number of basic models and tools of microeconomics, which can be used in any graduate economics course and even useful for your future research.

COURSE DESCRIPTION:

Microeconomics I is designed as part of the standard graduate microeconomics course. It consists of the two main building blocks. In the first part, we study *price theory* in perfectly competitive markets and *decision making under uncertainty* and in the second part, we study *(non-cooperative) game theory*.

PREREQUISITE

I assume that all students have “solid” knowledge on intermediate microeconomics (such as Varian’s “Intermediate Microeconomics”). I also assume that you are comfortable with the arguments using mathematics. You are supposed to know all the topics covered by the math camp which is offered by our school before this course starts. I will upload the lecture notes on mathematics for economics on the class website. You can use the notes whenever you have some (mathematical) trouble to understand the course materials.

CLASS TIMINGS

Class sessions are of 3-hour duration per week. There will be no presentations or case studies in this course. Each session consists of a lecture by the instructor and/or a discussion of assignments and readings.

RECOMMENDED TEXTS AND READINGS:

Price Theory and Decision Making under Uncertainty

1. “*Microeconomic Theory*,” by Andreu Mas-Colell, Michael D. Whinston, and Jerry R. Green, Oxford University Press, 1995. (This is one of the two main textbooks. I abbreviate it to “MWG.”)
2. “*Advanced Microeconomic Theory*,” Third Edition, by Geoffrey A. Jehle and Philip J. Reny, Prentice Hall, 2011 (This is a supplementary textbook).
3. “*Microeconomic Analysis* Third Edition,” by Hal R. Varian, W.W. Norton and Company, 1992 (This is a supplementary textbook).
4. “*Microeconomic Foundations I: Choice and Competitive Markets*,” by David M. Kreps, Princeton University Press, 2013 (This book has a more advanced treatment of the theory of price-taking behavior and decision making under uncertainty than MWG. Kreps is very good at providing the reader with a good intuition behind the theory).

Game Theory

1. “*A Course in Game Theory*” by Martin J. Osborne and Ariel Rubinstein, the MIT press, (1994); **If you go to either Ariel Rubinstein’s or Martin Osborne’s website, you can obtain this book for free.** This is one of the two main textbooks and used mainly for the game theory part. I abbreviate it to “OR”.
2. “*Microeconomic Theory*,” by Andreu Mas-Colell, Michael D. Whinston, and Jerry R. Green, Oxford University Press, 1995. This book will be used sometimes for the game theory part.
3. “*Game Theory: Analysis of Conflict*” by Roger B. Myerson, Harvard University Press, (1991); This is another advanced textbook for game theory. Exercises are very tough.
4. “*Game Theory for Applied Economists*” by Robert Gibbons, Princeton University Press, (1992); If you want to skip lots of definitions and theorems and immediately go to applications of game theory, this book might be for you.
5. “*Game Theory: An Introduction*” by Steven Tadelis, Princeton University Press, 2012. The structure of this book is quite similar to that of Gibbons. However, this book offers a little bit more rigorous treatment of the subject.
6. “*An Introduction to Game Theory*,” by Martin Osborne, Oxford University Press, 2004. This is a “not-so-mathematical” version of *A Course in Game Theory*. You find many more examples from this book.

HOMEWORK: There will be about 10 homework assignments. The homework assignments are essential to help you understand the course materials and develop your skill to analyze economic problems. Besides, it should be expected that these homework assignments are very good proxies for what type of questions being asked in the exams.

- All homework assignments are given to you through our class website.
- The answer to each homework assignment is uploaded on the class website.
- The exact way you submit your own work on each homework assignment will be announced later.

ASSESSMENT METHODS:

There are three components which together determine your final grade of this course: (i) Homework Assignments: 15%; (ii) the midterm exam: 30%; and (iii) the final exam: 55%. Note that there will be no makeup for the midterm exam (if missed, with a valid excuse, the final exam will account for 85% of the grade)

ACADEMIC INTEGRITY

All acts of academic dishonesty (including, but not limited to, plagiarism, cheating, fabrication, facilitation of acts of academic dishonesty by others, unauthorized possession of exam questions, or tampering with the academic work of other students) are serious offences.

All work (whether oral or written) submitted for purposes of assessment must be the student's own work. Penalties for violation of the policy range from zero marks for the component assessment to expulsion, depending on the nature of the offense.

When in doubt, students should consult the instructors of the course. Details on the SMU Code of Academic Integrity may be accessed at <http://www.smuscd.org/resources.html>.

ACCESSIBILITY

SMU strives to make learning experiences accessible for all. If students anticipate or experience physical or academic barriers due to disability, please let the instructor know immediately. Students are also welcome to contact the university's disability services team if they have questions or concerns about academic provisions: included@smu.edu.sg.

Please be aware that the accessible tables in the seminar room should remain available for students who require them.

OUTLINE OF TOPICS

Here I specify the outline of topics this course covers. Keep in mind that this outline is meant to be a plan and is subject to change as we go along.

Week	Dates	Topic	Readings
1	Aug 19	Guidance and Consumer Theory	Ch 2, 3 of MWG
2	Aug 27	Consumer Theory	Ch 2 and 3 of MWG
3	Sep 3	Decision Making under Uncertainty	Ch 6 of MWG
4	Sep 10	Producer Theory	Ch 5 of MWG
5	Sep 17	In-Class Midterm Exam and Static Games with Complete Information	Ch 2, 3 of OR
6	Sep 24	Static Games with Complete Information	Ch 2, 3 of OR
7, 8, 9	Sep 28 - Oct 18	Recess Weeks	
10	Oct 22	Dynamic Games with Complete Information	Ch 6 of OR
11	Oct 29	Dynamic Games with Complete Information	Ch 7, 8 of OR
12	Nov 5	Static Games with Incomplete Information	Ch 2 of OR Ch 8 of MWG
13	Nov 12	Static Games with Incomplete Information	Ch 23 of MWG
14	Nov 19	Dynamic Games with Incomplete Information	Ch 11, 12 of OR
15	Nov 26 15:30 - 18:45	Dynamic Games with Incomplete Information Class Room 4.3 of SOE/SOSS building	Ch 12 of OR (if offered off-line)
16	Nov 30 - Dec 6	Revision Week	
17	Dec 10	Final Exam	