



ERMICRO2024M2

Advanced Microeconomics II

Module 2, 2024-2025

Course Information

Instructor: Chen Lyu

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Office Hour: Mon & Thu, 10:30-12:00

Teaching Assistant: TBA

Classes:

Lectures: Mon & Thu, 13:30-15:20

Venue: TBA

Course Website:

<https://cms.phbs.pku.edu.cn/claroline/course/index.php?cid=ERMICRO2024M2>

1. Course Description

1.1 Context

Course overview: This course provides a systematic introduction to game theory, which is the foundation of modern microeconomics. Game theory studies strategic interplays among multiple agents. It is the basic tool for analyzing real-world problems involving more than one decision makers. In this course, we will cover major analytical frameworks and concepts in game theory. Important examples with practical implications will be emphasized.

Prerequisites: Advanced Microeconomics I

1.2 Textbooks and Reading Materials

Main reference:

My slides or lecture notes

Other reference:

Lecture notes by William Sandholm (available at <https://users.ssc.wisc.edu/~whs/gtie.pdf>)

2. Learning Outcomes

2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment (YES with details or NO)
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	No
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	No

2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	No
	2.2. Students will be able to apply leadership theories and related skills.	No
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it.	No
	3.2. Our students will practice ethics in the duration of the program.	No
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	No
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	Yes (The course covers fundamental theories of Game Theory.)
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	Yes (Game Theory can be applied to many practical problems in strategic and competitive situations, which they will commonly encounter in business settings.)
	5.3. Our students will demonstrate competency in critical thinking.	Yes (critical thinking is important if one wants to apply theories to the real-world situations.)

2.2 Course specific objectives

The main objectives of the course are to provide students with solid analytical frameworks for understanding strategic interplays among agents, and let them link the theories to practice.

2.3 Assessment/Grading Details

Grading is based on the following:

- 1) Midterm Exam (50 points)
- 2) Final Exam (50 points)

Notes:

1. If one misses the midterm, 25 points of her/his midterm will be moved to the final.
2. Students must follow the class attendance policies of the school. Violations may cause consequences that I'm not able to waive. In particular, being absent for more than 30% of the classes will lead to failure of the course.

2.4 Academic Honesty and Plagiarism

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or

incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honor points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

3. Topics, Teaching and Assessment Schedule (Tentative)

Topic	Sub-topic	Classes
Simultaneous game	Dominance and iterated dominance	1-2
	Nash equilibrium	3
	More examples and exercises	4
Sequential game	Description of a sequential game and NE	5
	Games with stagewise perfect information and SPE	6-7
	Repeated prisoner's dilemma	8
	More examples and exercises	9
Midterm		10
Sequential game	Games without stagewise perfect information and PBE	11-12
Applications in information economics	Adverse selection	13
	Signaling	14-15
	Cheap talk	16
	Contracting with moral hazard	17
Final review		18

Final exam		Time TBD
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