

Games of Incomplete and Imperfect Information

Syllabus

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This will be a course mainly on extensive form games with imperfect information and partially also on games with incomplete information (but restricted to global games). The emphasis will be on such games and solution concepts that have played some role in applications.

We will start with global games (Carlsson and van Damme “Global Games and Equilibrium Selection (Econometrica 1993)) and then turn to the famous paper of Morris and Shin (AER 1998). This should take about 3 sessions.

After that, we will turn to most of the various solution concepts for games with imperfect information like perfect Bayesian, sequential and trembling hand perfect equilibrium and extensive form rationalizability. Then we turn to signaling games and the intuitive criterion.

If time permits, we will also talk about proper equilibrium (Myerson) in the normal form and quasi-perfect equilibrium (van Damme) in the extensive form.

My preferred form of exam would be that students present selected research articles that are related to the topics of the course.

Recommended Literature (for now):

Carlsson and van Damme 1993 (Econometrica 61, 989 – 1018)

Stephen Morris and Hyun Song Shin “Unique Equilibrium in a Model of Self-Fulfilling Currency Attacks”, *The American Economic Review*, Vol. 88, No. 3 (Jun., 1998), pp. 587-597