

## ECO 701

### Microeconomics

**Objectives:** Microeconomics helps in the understanding of the decision-making process of firms and individuals. The objective of this course is to give a rigorous training to students in fundamentals of microeconomic analysis.

**Contents:** The course will be divided into two main parts. The first part will teach the tool of game theory followed by the analysis of theory of markets. Game theory is a study of strategic interaction among multiple players. In this module we will start by discussing about game theory and then follow it up by discussing the theory of oligopoly. The theory of monopoly and perfect competition will also be included in this module. In Part 2, the theory of consumer behavior as well as the theory of firms will be covered.

Topics:

1. Logic, Set Theory, and Preference Relations
2. Static Games with Complete Information
3. Dynamic Games with Incomplete Information
4. Theory of Producers' Behavior
5. Perfect Competition and Monopoly
6. Theory of Consumer Behavior

Recommended books:

1. Advanced Microeconomic Theory by Jehle and Reny, Prentice Hall
2. Microeconomic Analysis by Hal Varian, W W Norton
3. An Introduction to Game Theory by Martin Osborne
4. Game Theory for Applied Economists by Gibbons. Princeton University Press
5. Strategy: An Introduction to Game Theory by Joel Watson. W. W. Norton & C
6. How to Prove it by Velleman

Evaluation

Quizzes (2):	15
Mid Sem Exam:	25
Presentation:	20
Final:	40

Papers [This list will be updated]

1. Kreps, David M. and Jose A. Sheinkman (1983), "Capacity Precommitment and Bertrand Competition Yield Cournot Outcomes," *Bell Journal of Economics*
2. Dixit, Avinash, and Joseph Stiglitz (1977), "Monopolistic Competition and Optimum Product Diversity," *American Economic Review*
3. Mankiw, N. Gregory, and Michael D. Whinston (1986), "Free Entry and Social Inefficiency," *Rand Journal of Economics*
4. Rosen, S., "The Economics of Superstars," *American Economic Review*, 1981.
5. Garicano, 2000, "Hierarchies and the Organization of Knowledge in Production," *Journal of Political Economy*
6. The Economics of Modern Manufacturing: Technology, Strategy, and Organization Paul Milgrom and John Roberts *The American Economic Review* Vol. 80, No. 3 (Jun., 1990), pp. 511-528
7. Rochet, Jean-Charles, and Jean Tirole. "Two-Sided Markets: A Progress Report." *RAND Journal of Economics* 37, no. 3 (2006): 645–67.
8. Kremer, Michael. "Patent Buyouts: A Mechanism for Encouraging Innovation." *Quarterly Journal of Economics* 113, no. 4 (1998): 1137–67.