

**Department of Economics**  
**University of Toronto**  
**Fall 2024**

ECO3200H1F: Advanced Microeconomic Theory I

Instructors: Itai Arieli, Yoram Halevy, Zi Yang Kang, Anne-Katrin Roesler, Xianwen Shi

Time: Friday 9:00-11:00am

Location: GE 100

## Description

This is an advanced microeconomic theory course for Ph.D. students who are interested in conducting research in microeconomic theory and related fields. The goal is to help students have a smooth transition from consumers of economic research to producers. A variety of topics will be covered, combining some seminal papers with the current frontier of research. Lectures will cover only a subset of the papers listed below.

## Assessment

Each student will give an oral presentation of a research idea on December 3<sup>rd</sup> and submit a written research proposal by **December 23<sup>th</sup>**. Your course performance will be evaluated based on the quality of both your presentation and your research proposal.

## Schedule (tentative, subject to change)

- 9/6, 9/13, 9/20, Itai Arieli, Social Learning
- 9/27, 10/4, Zi Yang Kang, Topics in Mechanism Design
- 10/11, 10/18, Xianwen Shi, Strategic Experimentation
- 10/25, 11/8, Anne-Katrin Roesler, Information Design (11/1, Reading Week, No Class)
- 11/15, 11/22, 11/29, Yoram Halevy, Incomplete Preferences

## Social Learning (Itai)

- Bikhchandani, Sushil, David Hirshleifer, and Ivo Welch. "A theory of fads, fashion, custom, and cultural change as informational cascades." *Journal of Political Economy* 100.5 (1992): 992-1026.
- DeGroot, Morris H. (1974), "Reaching a consensus." *Journal of the American Statistical association* 69(345): 118-121.
- Gale, Douglas, and Shachar Kariv (2003), "Bayesian learning in social networks." *Games and economic behavior* 45(2): 329-346.
- Golub, Benjamin, and Matthew O. Jackson (2010), "Naive learning in social networks and the wisdom of crowds." *American Economic Journal: Microeconomics* 2(1): 112-149.
- Mueller-Frank, Manuel (2013), "A general framework for rational learning in social networks." *Theoretical Economics* 8(1): 1-40.
- Rosenberg, Dinah, Eilon Solan, and Nicolas Vieille (2009), "Informational externalities and

emergence of consensus.” *Games and Economic Behavior* 66(2): 979-994.

- Smith, Lones, and Peter Sørensen (2000), “Pathological outcomes of observational learning.” *Econometrica* 68(2): 371-398.

### **Mechanism Design (Zi Yang)**

- Bulow, J., & Roberts, J. (1989). “The Simple Economics of Optimal Auctions.” *Journal of Political Economy*, 97(5), 1060–1090.
- Dworzak, P., Kominers, S. D., & Akbarpour, M. (2021). “Redistribution Through Markets.” *Econometrica*, 89(4), 1665–1698.
- Akbarpour, M., Dworzak, P., & Kominers, S. D. (2024). “Redistributive Allocation Mechanisms.” *Journal of Political Economy*, 132(6), 1831–1875.
- Jullien, B. (2000). “Participation Constraints in Adverse Selection Models.” *Journal of Economic Theory*, 93(1), 1-47.
- Amador, M., & Bagwell, K. (2013). “The Theory of Optimal Delegation with an Application to Tariff Caps.” *Econometrica*, 81(4), 1541–1599.

### **Strategic Experimentation (Xianwen)**

- Bolton and Harris (1999), “Strategic Experimentation,” *Econometrica* 67(2), 349–374.
- Keller, Rady and Cripps (2005), “Strategic Experimentation with Exponential Bandits,” *Econometrica* 73(1), 39-68.
- Bergemann and Valimaki (2008), “Bandit Problems.” In: *The New Palgrave Dictionary of Economics*.
- Bonatti and Horner (2011), “Collaborating,” *AER*.
- Yingni Guo (2016), “Dynamic Delegation of Experimentation,” *AER*.
- Andrew McClellan (2022), “Experimentation and Approval Mechanisms,” *Econometrica*.

### **Information Design (Anne-Katrin)**

- List of papers to be announced.

### **Incomplete Preferences (Yoram)**

- Ok (2002), “Utility representation of an incomplete preference relation”, *Journal of Economic Theory*.
- Dubra and Ok (2002), “A model of procedural decision making in the presence of risk”, *International Economic Review*.
- Bewley (2002), “Knightian decision theory Part I”, *Decisions in Economics and Finance*.
- Eliaz and Ok (2006), “Indifference or indecisiveness? Choice theoretic foundation of incomplete preferences”, *Games and Economic Behavior*.
- Mandler (2004), “Status Quo maintenance reconsidered: changing or incomplete preferences”, *Economic Journal*.

- Mandler (2005), “Incomplete preference and rational intransitivity of choice”, *Games and Economic Behavior*.
- Ok, Ortoleva and Riella (2012), “Incomplete preference under uncertainty: indecisiveness in beliefs versus tastes”, *Econometrica*.
- Galaabaatar and Karni (2013), "Subjective expected utility with incomplete preferences", *Econometrica*.
- Pejsachowicz and Toussaert (2017), “Choice deferral, indecisiveness and preference for flexibility”, *Journal of Economic Theory*.
- Halevy, Walker-Jones and Zrill (2023), “Difficult Decisions”, working paper.
- Ok and Tserenjigmid (2022), “Indifference, indecisiveness, experimentation and stochastic choice”, *Theoretical Economics*.