

**Intermediate Microeconomics**  
**Spring 2007**  
**Web site: [www.pitt.edu/~upjecon](http://www.pitt.edu/~upjecon)**

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**Krebs 123; hours 9-10 daily**  
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## **Syllabus**

**Prerequisites:** Introductory microeconomics and introductory calculus are prerequisites to the course. They will not be waived without the explicit consent of the instructor. We will not use a lot of calculus, but we will use some. It is absolutely essential to be comfortable with basic algebra, including the solution of simultaneous equation systems. Previous exposure to probability and statistics will help, especially in dealing with issues of uncertainty and information.

**Course description:** This course will concentrate on game-theoretic approaches to microeconomics. Over the last twenty years, microeconomics has been dramatically changed by the incorporation of game theory. Game theory is now central to the study of such issues as imperfect competition, information problems, bargaining, auction design, contracts and institutional evolution.

The focus of game theory on strategic interaction makes game theory more relevant than classical microeconomics to business strategy and to the concerns of other social sciences. Political scientists have been especially prominent users of game theory, but game-theoretic approaches have also been applied to sociology and history and legal studies.

You should note that this is a "1000-level" course. You should expect it to be more demanding than not only introductory micro and macro courses, but even more demanding than most intermediate level courses. Although many of the concepts of game theory appear intuitively obvious, connecting those concepts and using them to analyze strategic interaction is very far from a simple task. You will be graded not only on your ability to recognize the terminology of the field, but also on your ability to apply the concepts to a range of problems. You cannot develop this ability without dedicating a considerable portion of your semester to this course. If you cannot devote at least eight hours per week to working problems for this class, you are very unlikely to do well in it.

**Textbook:** Avinash Dixit and Susan Skeath, *Games of Strategy*. Second Edition. Norton, 2004. Note that there were major changes between the first and second editions of the book, and the first edition is NOT an acceptable substitute.

**Web site:** Go to [www.pitt.edu/~upjecon](http://www.pitt.edu/~upjecon) and click on my name and then on the "Intermediate Micro -- Game Theory" heading. Browse among the links to get a sense of the range of game theory applications. I particularly recommend John Duffy's course (using the Dixit-Skeath first edition).

**Grading:** There will be a midterm (30 percent of course grade), a final (30 percent of course grade) and other assignments and quizzes (30 percent of course grade). The remaining 10 percent of your course grade will be assigned at my discretion, and will reflect your class participation and your improving or declining pattern of grades over the term. You must have a passing average on midterm and final in order to pass the course.

The midterm will be given on the Thursday immediately before spring break, and will cover Chapters 1 through 8 of the Dixit-Skeath text. The final will be given on Tuesday, April 24, at 9 AM in the regular classroom. Coverage on the final will be comprehensive, from Chapter 1 through Chapter 13 of the Dixit-Skeath text, although the material from Chapters 9 through 13 will be stressed.

Any changes in coverage or dates will be announced in class.

**Other policies:**

Regular attendance is expected. Roll may be taken, and any student missing more than three classes without a reason approved by the office of the Associate Vice President for Academic Affairs (Dr. Jonathan Gonder) will have five percent of his final grade deducted for each additional absence.

Work-related absences or absences for job search, job interviews or registration for other classes will not be excused.

No notes, calculators or other electronic devices will be permitted during exams.

Any offense against academic honesty, such as plagiarism, use of unauthorized materials during examinations or unauthorized cooperation on assignments or exams, will result in a grade of zero on the relevant exam or assignment as a minimum penalty. I reserve the right to decide when such an offense is serious enough to result in failure for the course or referral to college authorities.

Students with disabilities who require special arrangements for classes or exams must present me with a letter approving the necessary arrangements from the Office of Disability Services (Owen Library). Without formal notification from the Office of Disability Services, I am not able to make such arrangements.