

PSCI/ECON 288: GAME THEORY

SPRING 2022
MW 15:25-16:40pm
MELIORA 203

Prof. Tasos Kalandrakis
Office: online (zoom link to be provided)
Email: kalandrakis@rochester.edu
Office Hours: T 9:00-10:00am, online.
Recitation: M 4:50-6:05pm, Meliora 203.

Teaching Assistants

- Sangmin Lee (Email: slee240@ur.rochester.edu).
Office hours (online): T 1:00-2:00pm, W 10:00-11:00am.
- Marton Szabo (Email: szmartonbence@gmail.com).
Office hours (Harkness 308B): M 10:00-11:00am, W 11:00am-12:00pm.

In social interaction (political, economic, or other) individual welfare depends on the choices of multiple actors. Thus, individuals must anticipate other people's behavior in order to reach best decisions. Game theory is a systematic framework for understanding and analyzing such strategic interaction.

The goal of this course is to introduce the theory of games in a systematic way. We will cover basic solution concepts for simultaneous and sequential move games, with and without complete information. Applications will be drawn from models of conflict and war, electoral competition, voting and agenda manipulation, market competition, etc.

This course follows the College credit hour policy for four-credit courses. This course meets twice weekly for three academic hours per week. The course also includes recitation for one academic hour per week.

The University of Rochester respects and welcomes students of all backgrounds and abilities. In the event you encounter any barrier(s) to full participation in this course due to the impact of disability, please contact the Office of

Disability Resources. Visit <http://www.rochester.edu/college/disability/> for more information.

Lecture format: Lectures will take place in person unless University policy and the evolution of the pandemic dictate otherwise. In all cases, PDF copies of lecture slides will be distributed ahead of time via blackboard. If live recordings of lectures need to be distributed online, these will be made available through blackboard, typically the morning of the following day.

Reading: The main textbook for the course is

- An Introduction to Game Theory, by Martin Osborne (Oxford).

Lectures will be based on – but not limited to – materials from this book. Other optional textbooks you may wish to consult for a different perspective, additional examples, and generally to deepen your understanding are,

- Strategy, by Joel Watson,
- Games, Strategies, and Decision Making, by Joseph Harrington, and
- Strategies and Games, by Prajit Dutta.

Finally,

- Thinking Strategically, by A. Dixit and B. Nalebuff,

is informal yet informative.

Homework Assignments: Game theory cannot be mastered without working through homework assignments. Problem sets will be assigned on a weekly or bi-weekly basis and will be due *in class* right before lecture. Assignments will be posted on blackboard roughly a week before the due date, as detailed in the following schedule:

- Assignment 1 – post January 24; due February 2.
- Assignment 2 – post February 2; due February 9.
- Assignment 3 – post February 9; due February 16.

- Assignment 4 – post February 23; due March 2.
- Assignment 5 – post March 2; due March 16.
- Assignment 6 – post March 16; due March 23.
- Assignment 7 – post March 30; due April 6.
- Assignment 8 – post April 6; due April 13.
- Assignment 9 – post April 13; due April 20.
- Assignment 10 – post April 20; due April 27.

Please check the course pages on blackboard regularly for up to date information on assignment due dates, etc. *No late homework will be accepted.* Instead, you can drop two assignments in calculating the homework component of your final grade.

Academic honesty: General University policies and guidelines regarding academic honesty apply with the following added clarifications. First, with regard to homework assignments, we expect and even encourage students discussing and jointly working on assignment problems, *yet* you are individually responsible and must prepare and write up submitted answers on your own. Second, **course materials including lecture notes, assignments, assignment answer keys, and exams are proprietary and are not intended for sharing outside the classroom, certainly not for dissemination in the public domain through electronic media. *You may not make such materials available to any third person or entity within or outside the University without my explicit written consent.***

Electronics Policy: The use of electronic devices during class (ipads, laptops, smart phones) both distracts fellow classmates and disrupts the lecture. Please turn off smart phones and other devices. Please use traditional note-taking methods (e.g., print a hard copy of lecture notes ahead of time and add side-notes to this printout).

Recitation: Recitations will be offered on Mondays prior to each assignment (all assignment due dates are Wednesdays by the beginning of class) and prior to the two midterm exams. Recitations will take place in person (unless

University policies mandate otherwise) in *Meliora 203* (4:50-6:05pm). There will be *no* recitation on:

- Monday, January 24.

Evaluation: Your grade will be based on homework assignments (20%), the two midterms (20% each), and a non-cumulative final (40%). The final exams will be split into a part A and a part B. The grade for part A can replace the grade for any one of the two midterm grades. *There will be no make-up midterm exams. There will be no provisions for extra credit.*

Grade Assignment: Letter grades are assigned according to the following rough guidelines (the exact cutoffs will be determined at the end of the semester):

- > 90 : will guarantee at least A-.
- > 75 : will guarantee at least B-.
- > 65 : will guarantee at least C-.
- > 50 : will guarantee at least D-.
- < 50 : Potentially failing.

Exam Dates: Both midterms will take place in class during scheduled class times, the first on Wednesday, February 23d, and the second on Wednesday, March 30. The final exam will take place as scheduled by the registrar's office (TBA) between May 2-7.

Schedule: Below is an outline of the main topics of the course.

TOPIC 1 STRATEGIC FORM GAMES

Weeks 1-5. Overview. Dominated strategies. Iterated Elimination. Nash equilibrium in pure and mixed strategies.

TOPIC 2 EXTENSIVE FORM GAMES

Weeks 5-10. Strategies. Subgame perfect Nash equilibrium. Backwards Induction.

TOPIC 3 GAMES OF IMPERFECT INFORMATION

Weeks 10-11. Information sets. Extensive and strategic form. SPNE.

TOPIC 4 REPEATED GAMES

Weeks 12. Repeated games. Folk Theorems.

TOPIC 5 STATIC GAMES OF INCOMPLETE INFORMATION

Weeks 13. Bayesian games.

TOPIC 6 DYNAMIC GAMES OF INCOMPLETE INFORMATION

Weeks 14-15. Dynamic games of incomplete information. Sequential equilibrium. Signaling games.