

## Cours magistral

# Applied Game Theory

*The theory of costly signaling: applications in economics*

Christina Pawlowitsch

Paris University Panthéon-Assas

Spring term 2022

---

*In this course, we investigate games of incomplete information and apply them to the study of costly signaling. Evaluation of this course (3 ECTS) is based on your paper.*

### Session 1

**Thursday, February 3**

9-11h50, Salle 506, Centre Assas

### Session 2

**Thursday, February 10**

9-11h50, Salle 506, Centre Assas

### Session 3

**Thursday, February 17**

9-11h50, Salle 506, Centre Assas

### Session 4

**Thursday, February 24**

9-11h50, Salle 506, Centre Assas

### Session 5

**Thursday, March 3**

9-11h50, Salle 506, Centre Assas

### Session 6

**Thursday, March 10**

9-11h50, Salle 506, Centre Assas

## ***Problem-set sessions***

9h20-10h50, Salle 402, Centre Assas

*Evaluation of the problem-set sessions (1 ECTS) is based on your participation in class and written home-work assignments.*

### Problem-set 1

**Friday, February 11**

### Problem-set 2

**Friday, February 18**

### Problem-set 3

**Friday, February 25**

### Problem-set 4

**Friday, March 4**

### Problem-set 5

**Friday, March 11**

## References

- [1] Akerlof, G. A. 1970. "The market for 'lemons': quality uncertainty and the market mechanism." *The Quarterly Journal of Economics* 84 (3): 488–500.
- [2] Banks, J. S., and J. Sobel. 1987. "Equilibrium selection in signaling games." *Econometrica* 55 (3): 647–661.
- [3] Bliege Bird, R., Smith E. A. 2005. "Signaling theory, strategic interaction and symbolic capital." *Current Anthropology* 46 (2): 221–248.
- [4] Cho, I-K. and D. M. Kreps. 1987. "Signaling games and stable equilibria." *The Quarterly Journal of Economics* 102 (2): 179–221.
- [5] Hofbauer, J., Pawlowitsch, C. 2019. "The evolutionary dynamics of costly signaling." Working paper.
- [6] Kreps, D. M., Sobel, J. 1994. "Signalling." In *Handbook of Game Theory*, Vol. 2, edited by R. J. Aumann and S. Hart, 849–867. Amsterdam/New York: Elsevier.
- [7] Kreps, D. M., Wilson, R. 1982. "Sequential equilibria." *Econometrica* 50 (4): 863–894.
- [8] Milgrom P., Roberts, J. 1986. "Price and advertising signals of product quality." *The Journal of Political Economy* 94(4): 796–821.
- [9] Miller, M. H., Rock, K. 1985. "Dividend policy under asymmetric information." *The Journal of Finance* XL (4), 1031–1051.
- [10] Sobel, J. 2009. "Signaling Games." In *Encyclopedia of Complexity and System Science*, edited by R. Meyers, 8125–8139. New York: Springer.
- [11] Spence, M. 1973. "Job market signaling." *The Quarterly Journal of Economics* 87 (3): 355–374.
- [12] Spence, M. 2002. "Signaling in retrospect and the informational structure of markets." *The American Economic Review* 92 (3): 434–459.
- [13] Van Rooy, R. 2003. "Being polite is a handicap: towards a game theoretical analysis of polite linguistic behavior." *Proceedings of TARK* 9.
- [14] Veblen, T. 1899. *The Theory of the Leisure Class: An Economic Study of Institutions*. New York: The Macmillan Company.