Cours magistral

Applied Game Theory

The theory of costly signaling: applications in economics

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Paris University Panthéon-Assas
Spring term 2023

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***Content**: In this course, we investigate games of incomplete information and apply them to the study of costly signaling and strategic information transmission.*

***Evaluation** of this course (3 ECTS) is based on your paper (see instructions: "Your final paper" – https://signaling.u-paris2.fr/Pawlowitsch/2022-Applied-Game-Theory-your-essay.pdf).*

Session 1
Thursday, February 2
9-11h50, Salle 506, Centre Assas

Session 2
Thursday, February 9
9-11h50, Salle 506, Centre Assas

Session 3
Thursday, February 16
9-11h50, Salle 506, Centre Assas

Session 4
Thursday, February 23
9-11h50, Salle 506, Centre Assas

Session 5
Thursday, March 2
9-11h50, Salle 506, Centre Assas

Session 6
Thursday, March 9
9-11h50, Salle 506, Centre Assas

Problem-set sessions (Travaux dirigés)

Friday, 9h20-10h50, Salle 07, Centre Assas

***Evaluation** of the problem-set sessions (1 ECTS) is based on your participation in class and a short written exam.*

5 meetings:
Friday, February 3
Friday, February 10
Friday, February 24
Friday, March 3
Friday, March 10

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] Veblen, T. 1899. *The Theory of the Leisure Class: An Economic Study of Institutions*. New York: The Macmillan Company.