

Reading Group on

GLOBAL GAMES

2022

PURPOSE:

This course is an introduction to topics in the theory of global games. Its objective is to equip the students with a methodology, which is extremely useful to study economics of information and of strategic behaviour and for setting up and solving a wide range of social, political and economic problems. To show the wide applicability of this approach, the readings will consider different fields of application of this methodology, such as macroeconomics, political economy and finance.

COURSE DESCRIPTION:

The course consists of six meetings, each of three hours.

The first two meetings will be used to present the ideas and the approach of global games, while the remaining meetings will be used for presentations by the attendances.

STRUCTURE:

The lectures will illustrate the main concepts through formal definitions and examples, with a particular attention to the calculus of solutions. Specific attentions will be devoted also to the some of the proofs of some relevant results.

WEB SITE OF THE COURSE

Slides, information and all you need to know can be found at the web site of course:
<https://elearning.unimib.it/course/view.php?id=40793>

DETAILED TIMETABLE OF THE MEATING

	Topic of the lecture	Day	Chapters
L1	<u>Introduction to global games</u>	19/01/2022 09.00 – 12.00 a.m. U7-2104 seminar room	Lecture notes
L2	<u>Use of global games</u>	26/01/2022 09.00 – 12.00 a.m. U7-14	Lecture notes
L3	<u>PRESENTATION</u>	02/02/2022 09.00 – 12.00 a.m. U7-06	
L4	<u>PRESENTATION</u>	09/02/2022 09.00 – 12.00 a.m. U7-14	
L5	<u>PRESENTATION</u>	16/02/2022 09.00 – 12.00 a.m. U7-14	
L6	<u>PRESENTATION</u>	23/02/2022 09.00 – 12.00 a.m. U7-2104 seminar room	

Papers on Global Games and applications:

1. George-Marios Angeletos, Christian Hellwig, and Alessandro Pavan, Signaling in a Global Game: Coordination and Policy Traps in *Journal of Political Economy*, Vol. 114, No. 3 (June 2006), pp. 452-484
2. George-Marios Angeletos, Christian Hellwig, and Alessandro Pavan, Robust Predictions in Global Games with Multiple Equilibria: Defense Policies Against Currency Attacks, mimeo.
3. George-Marios Angeletos, Alessandro Pavan, Socially Optimal Coordination: Characterization and Policy Implications, mimeo.
4. George-Marios Angeletos, Christian Hellwig, and Alessandro Pavan, Dynamic Global Games of Regime Change: Learning, Multiplicity, and Timing of Attacks, mimeo.
5. George-Marios Angeletos and Iván Werning, Crises and Prices: Information Aggregation, Multiplicity, and Volatility, *The American Economic Review*, Vol. 96, No. 5 (Dec., 2006), pp. 1720-1736
6. Sandeep Baliga and Tomas Sjöström, Arms Races and Negotiations, *Review of Economic Studies* (2004) 71, 351–369
7. Ethan Bueno de Mesquita, Regime Change with One-Sided Limit Dominance, mimeo 2011.
8. Hans Carlsson and Eric van Damme, Global Games and Equilibrium Selection, in *Econometrica*, Vol. 61, No. 5 (Sep., 1993), pp. 989-1018
9. Sylvain Chassang and Gerard Padró i Miquel, Conflict and Deterrence under Strategic Risk, *The Quarterly Journal of Economics*, November 2010
10. Amil Dasgupta, Coordination and delay in global games, *Journal of Economic Theory* 134 (2007) 195 – 225
11. David M. Frankel, Stephen Morris, and Ady Pauzner, Equilibrium selection in global games with strategic complementarities, *Journal of Economic Theory* 108 (2003) 1–44
12. Paul Heidhues and Nicolas Melissas, Equilibria in a dynamic global game: the role of cohort effects, *Economic Theory* 28, 531–557 (2006)
13. Christian Hellwig, Public Information, Private Information, and the Multiplicity of Equilibria in Coordination Games, *Journal of Economic Theory* 107, 191–222 (2002)
14. Christian Hellwig, Arijit Mukherji and Aleh Tsyvinski, Self-Fulfilling Currency Crises: The Role of Interest Rates, in *The American Economic Review*, Vol. 96, No. 5 (Dec., 2006), pp. 1769-1787

15. Eric J. Hoffmann and Tarun Sabarwal, Global games with strategic complements and substitutes, WP, 2019
16. José Jorge and Joana Rocha, A Primer on Global Games applied to Macroeconomics and Finance, *Journal of Economic Surveys* (2015) Vol. 29, No. 5, pp. 869–886
17. Alberto Martin and Jaume Ventura, Theoretical Notes on Bubbles and the Current Crisis, *IMF Economic Review*, Vol. 59, No. 1, 2011
18. Navin Kartik, Marco Ottaviani, Francesco Squintani, Credulity, lies, and costly talk, *Journal of Economic Theory* 134 (2007) 93 – 116
19. Stephen Morris and Hyun Song Shin, Global Games: Theory and Applications in *Advances in Economics and Econometrics*, ed. Dewatripont, Hansen and Turnovsky, Cambridge University Press 2003
20. Stephen Morris and Hyun Song Shin, Unique Equilibrium in a Model of Self-Fulfilling Currency Attacks, in *The American Economic Review*, Vol. 88, No. 3 (Jun., 1998), pp. 587-597
21. Stephen Morris and Hyun Song Shin, A Theory of the Onset of Currency Attacks, mimeo
22. Stephen Morris, Contagion, WP
23. Stephen Morris, Hyun Song Shin, Coordination risk and the price of debt, in *European Economic Review* 48 (2004) 133 – 153
24. Stephen Morris, Hyun Song Shin, Muhamet Yildiz, Common Belief Foundations of Global Games, WP 2015
25. Stephen Morris and Hyun Song Shin, Rethinking Multiple Equilibria in Macroeconomic Modeling, mimeo.
26. Pau Roldan, Global Games in Macroeconomics, mimeo 2014.
27. Mehdi Shadmehr and Dan Bernhardt, Collective Action with Uncertain Payoffs: Coordination, Public Signals, and Punishment Dilemmas, *The American Political Science Review*, Vol. 105, No. 4 (November 2011), pp. 829-851
28. Michal Szkup, Multiplier effect and comparative statics in global games of regime change, *Theoretical Economics* 15 (2020), 625–667
29. Takashi Ui, Ambiguity and Risk in Global Games, mimeo.
30. Jonathan Weinstein and Muhamet Yildiz, Impact of higher-order uncertainty, *Games and Economic Behavior*, Volume 60, Issue 1, July 2007, Pages 200-212