

Advanced Microeconomics II Helsinki GSE
Period II, 2021
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Instructions for the Essay (Due January, 2022)

In this course, you may submit an essay as a piece of independent work. The essay delivers a maximum of 20 points that will be added to your grade if you pass otherwise the course (i.e. get 50/100 on the exam and exercises).

The essay should discuss an important topic in the areas that we covered (social choice, matching and assignment markets, competitive equilibrium, financial economics models of general equilibrium). The essay should be no longer than eight pages. It should demonstrate that you can summarize the main findings and remaining open questions in your topic area in your own words and ideally also indicate what are the most important next steps for research in this area. The essay should not be a treatise, but it should go well beyond the information in Wikipedia articles. One really good way of showing your understanding is by coming up with concrete examples of your own on the issue at hand.

Here is a list of possible topics for the essay:

1. Social Choice and Sustainability. (Possible source: Asheim G.B. 2007, Justifying, Characterizing and Indicating Sustainability, Dordrecht: Springer.)
2. Other Regarding Preferences and Equilibrium (Possible source: Martin Dufwenberg, Paul Heidhues, Georg Kirchsteiger, Frank Riedel, Joel Sobel, Other-Regarding Preferences in General Equilibrium, The Review of Economic Studies, Volume 78, Issue 2, April 2011, Pages 613-639, <https://doi.org/10.1093/restud/rdq026>).
3. Specific Aspects in School Choice (Possible sources depend on the specific issue of your choice).
4. Matching Markets with Prior Investments (Possible source: George J. Mailath, Andrew Postlewaite, Larry Samuelson, Premuneration Values and Investments in Matching Markets, The Economic Journal, Volume 127, Issue 604, September 2017, Pages 2041-2065, [\break https://doi.org/10.1111/eoj.12400](https://doi.org/10.1111/eoj.12400))
5. Debt and Default in GE (Possible source: Yaniv Ben-Ami John Geanakoplos: General Equilibrium Outside the Edgeworth Box: Debt, Fragility, and Multiplicity, mimeo, 2019).
6. Aspects of Equilibrium in Financial Markets (Possible sources depend on the specific issue of your choice)

7. Matching with Monetary Contracts (Possible Source: Hatfield and Milgrom: "Matching with Contracts." *American Economic Review*, 95 (4): 913-935, 2005).

You can also choose another topic and if you are risk averse, you may want to discuss its suitability with me in advance.

The due date for the essay is January 15, 2022.