

Graduate Microeconomics III

Fall 2018

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Course Website: I created a Google Drive for the course where you will find all the material.

Course Description. This is the third and last course in the graduate microeconomics sequence. Here is an outline of the topics we will cover. A subset of the last three topics will be covered optionally if time allows.

- **Information Asymmetries**
 - Moral hazard and the principal agent problem (MWG 14)
 - Adverse selection and screening (MWG 13)
- **Social choice**
 - Arrow's theorem, May's theorem, collective decision making, Gibbard-Satterthwaite theorem (MWG 21)
- **Mechanism design**
 - Revelation principle, bilateral trade, public goods provision, VCG mechanisms, allocation problems (MWG 23)
- **Cooperative game theory**
- **Information transmission and design:** signaling, cheap talk, hard information, design.
- **Rational expectation equilibrium and no trade theorems**

Evaluation. I will assign two problem sets as homework and a final exam. The course grade is computed as the maximum of two grades. The first of these grades puts the following weights: 70% on the final exam, 25% on the problem sets, and 5% on participation. The second of these grades puts: 80% on the final, 15% on the exams and 5% on participation.

Textbooks. You should make sure you have access to MWG and read the chapters corresponding to the topics we study. The other books are an excellent complementary reading.

1. “Microeconomic Theory” by Mas-Colell, Whinston and Green. (MWG)
2. “Advanced Microeconomic Theory” by Jehle and Reny.
3. “An Introduction to the Theory of Mechanism Design” by Tillman Börgers.