

ECON5210 TOPICS IN MICROECONOMICS — SPRING SEMESTER 2009
Plan for the course and the lectures — Part II: Contract theory

Lecturers:

Tapas Kundu (TK) – room ES1017

Tore Nilssen (TN) – room ES1216

Text:

Bolton & Dewatripont, Contract Theory. MIT Press 2005.

Lectures and seminars – Room ES1220

Lecture 1 Moral hazard and adverse selection - TK (B&D, chapters 2 and 4)

Wednesday 25 March 10:15-12:00

- Adverse selection: Introduction; second best outcome through non-linear pricing
- Application: credit rationing
- Moral hazard: Introduction; first best vs second best contracts, application
- Linear contracts and associated problems
- Application - Managerial incentive problems

Lecture 2 Multidimensional incentive problems - TK (B&D, chapter 6)

Thursday 26 March 10:15-12:00

- Adverse selection with multiple types
- Moral hazard with multi-tasking
- Optimal contract with both moral hazard and adverse selection

Seminar: Discussion of problems – TK

Friday 27 March 10:15-12:00

Lecture 3 Dynamic adverse selection - TN (B&D, chapter 9)

Monday 30 March 10:15-12:00

Lecture 4 Dynamic moral hazard - TK (B&D, chapter 10)

Tuesday 31 March 10:15-12:00

Lecture 5 Multilateral asymmetry (Bilateral trading, Auctions) - TN (B&D, chapter 7)

Wednesday 1 April 10:15-12:00

Lecture 6 Incomplete contracts – TN (B&D, chapter 11)

Thursday 2 April 10:15-12:00

Research seminar – John H. Moore (University of Edinburgh/LSE)

Thursday 2 April 14:15-15:30

Seminar: Discussion of problems - TN

Friday 3 April 10:15-12:00