Microeconomics IV

Phd in Economics – Università Bocconi

2022/2023

Instructor: Nenad Kos

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room: 5 E1 13

Grading: The grade will be based on homeworks (30%) and a final exam (70%).

Material:

- A. Mas-Colell, M. D. Whinston and J. R. Green (1995), *Microeconomic Theory*, Oxford University Press, New York. (Your new favorite book.)

- Lecture notes.

TA: TBD

Topics of the course

1. **Market for Lemons.** Analysis of games with incomplete information. The 'lemons' model; Akerlof (1970). Competitive equilibria in markets with adverse selection.

2. **Signaling.** Signaling; Spence (1973).

   REFERENCE: MWG chapter 13, class notes.

3. **The principal-agent model.** Moral hazard and adverse selection in principal-agent models. Optimal compensation under moral hazard and the sufficiency principle.

   REFERENCE: MWG, chapter 14, class notes.

4. Bargaining and mechanism design. Incentives and outcomes in standard bargaining models. The classical mechanism design problem with commitment. The Revenue Equivalence Theorem.

REFERENCE: MWG, chapter 23, class notes.