Economic Theory III
B8209. Spring 2011
Columbia Business School

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Description:
Economic Theory III is the third part of the economic theory sequence. The focus of this class is on the economics of information: how to model competitive markets and how to design contracts in the face of asymmetric information. Topics include: adverse selection, screening, signalling and moral hazard. The class of extensive games with imperfect information will be also presented.

Textbook:
The main textbook is Andreu Mas-Colell, Michael D. Whinston and Jerry R. Green, Microeconomic Theory, Oxford University Press, 1995 (MWG).
For the topic of Extensive Games with Imperfect Information, I will follow Martin J. Osborne, An Introduction to Game Theory, Oxford University Press, 2004. Other useful textbooks are:


Outline and References:
- Topic 0. Surveys
  Optional readings:
  

- Topic 1. Asymmetric information and adverse selection.
  MWG, chapter 13.B
  Optional readings:
- **Topic 2. Competitive Screening.**  
MWG, chapter 13.C  
Optional readings:


**Topic 3. Monopolistic Screening**  
MWG, chapter 14.C  
Optional readings:


**Topic 4. Extensive Form Games with Imperfect Information**  
Osborne, chapter 10

**Topic 5. Signaling**  
MWG, chapter 13.C and appendix  
Optional readings:


**Topic 6. Moral Hazard**  
MWG, chapter 14.B  
Optional readings: