Instructor: Paolo Siconolfi, Email: ps17@columbia.edu. Office hours: Tuesday 4:00 – 5:00 pm or by appointment.
TA: Poorya Kabir, E-mail PKabir@gsb.columbia.edu

Books: The textbook is

Other useful books are:

Problem Sets
There will be weekly problem sets to be submitted to the TA. Problem sets will be given every Thursday and will be collected the next Thursday. You can form groups of up to three students and submit one copy per group.

Final exam
There is a final exam.

Overview
This part provides an introduction to some of the main subjects in the field of information economics. The asymmetries of information are either about actions (hidden action or Moral Hazard, Topic 3) and/or about some economic aspects of the environment (hidden information and Adverse Selection, Topics 1 and 2). We analyze situations where the uninformed parties set up mechanisms for eliciting information (screening) and situations where the informed parties may take actions for conveying information (signaling). The last topic, Mechanism Design, looks at how social choices are optimally made in environment with asymmetric information.

Topics
Topic 1: Adverse Selection and signaling
- Signaling: pooling, separating equilibria and refinements (MWG Ch 13.C)

**Topic 2:** Adverse Selection and screening
- Competitive screening (MWG Ch. 13.D.)
- Monopolistic screening (MWG Ch14.C)

**Topic 3:** Moral hazard
- Principal-Agent Problem with hidden actions (MWG Ch. 14.B)

**Topic 4:** Mechanism design
- The mechanism design Problem (MWG. Ch 23.B)
- Implementation in Dominant Strategies (MWG. Ch 23.C)
- Bayesian Implementation (MWG. Ch 23.D)
- Applications: Auctions, Voting