1. Description

Course Objectives

This course covers theories and applications of information and organizational approaches. Specifically, it covers the three main topics in information economics: complete contracts, incomplete contracts, and organization theory. Students are required to understand various concepts intuitively and to be able to deal with simple applications.

2. Intended Learning Outcomes

- Present standard concepts in information economics.
- Present several classical papers on information economics.
- Present the standard theory and approaches in information economics.
- Present the complete and incomplete contracts.

3. Teaching Approach

This course focuses on standard theories in information economics. In class, I will display slides, which contain the crucial information (results and definition). I will also derive the models and proofs step by step. If necessary, I will also draw relevant graphs step by step.

4. Outline

- The big picture: GE -> IO -> mechanism design -> contract -> organization
- Topic 1: Game Theory: Cooperative Games (Chapter 9)
- Topic 2: Standard Agency Theory (Chapter 12)
- Topic 3: Complete and Incomplete Contracts (Paper)
- Topic 4: Organization Theory and Its Applications (Papers)
3. Resources

Books

Papers

Course Website
www.bm.ust.hk/~sswang/5330/, which contains slides, reading materials and problem sets.

4. Arrangement

Course Prerequisites
(1) Micro Analysis (ECON5130 or higher)
(2) Basic math knowledge and advanced optimization methods.

Problem Sets and Exam
Problem Set: There is only one problem set for the second topic. No need to hand in the problem set.
Exam: There is one midterm exam, covering the first two topics.
Paper Review: I will select 3 papers for all and you pick one to do a paper review. I will give you a template for your review, which specifies what you need to do in your paper review. How well you do in the review will depend on what you learn from Topics 3 and 4 in class.

Grading Policy
The exam counts for 100%.