Syllabus, Ec717a: Contract Theory

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This is the first half of Ec717, focusing on mechanism design, contracts and applications to bargaining, auctions, and firms. There is a single textbook for the course:


This part of the course will cover material from BD, Chapters 2-10, and introduce you to some of my own research on related topics. The second half of the course will be taught by Andy Newman, which will cover dynamic moral hazard, incomplete contracts, markets and contracts (Chapters 10–13 of BD), apart from some of his own recent research on markets and organizations.

The course should be useful for anyone interested in learning theoretical tools employed in contemporary analyses of contracts or mechanisms in the presence of asymmetric information in health, industrial organization, macroeconomics or development.

Grades will be based on problem sets and a final exam.

Sessions and Readings:

1. Single-Agent Adverse Selection (Sept 3): BD, Ch. 2, esp. Sections 2.3.1 and 2.3.3
2. Single-Agent Moral Hazard and Costly State Verification (Sept 10): BD, Ch. 4 (esp. Sections 4.2, 4.4, 4.5, 4.6.2)
3. Multi-Agent Adverse Selection; Bargaining and Auctions (Sept. 17): BD, Ch. 7 (esp. Sections 7.2, 7.3)
4. Multi-Agent Moral Hazard; Collusion (Sept 24): BD, Ch. 8 (esp. Sections 8.1, 8.2, 8.3)
5. Contract Dynamics (Oct. 1): BD, Ch. 9 (esp. Sec 9.1, 9.2), Ch. 10 (Sec 10.1)
6. Hierarchies, Delegation and Intermediation (Oct 8, 15):
