Syllabus, Ec717a: Contract Theory: Part 1

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Fall 2016, Boston University Department of Economics

This is the first half of a course devoted to contract and organization theory. The intention is to give you a flavor of recent topics in mechanism design and contracts, with some applications. I expect some of the papers to be presented by you: you can choose from amongst those marked with an asterisk in the reading list below.

**Class:** M,W 11-1230, SSW315, Sept 6 – Oct 19.

**Office Hours:** M2-330, Th11-1230 (Room 500A, 264 Bay State Road)

**Course website:** http://people.bu.edu/dilipm/ec717/717hmpg.html

**Prerequisites:** First Year PhD courses in micro (Ec701, 703) or equivalent

**Grading:** Class participation, presentations and research proposal

**Academic Conduct:** You are expected to know and understand the provisions of the CAS Academic Conduct Code. Cases of suspected academic misconduct will be referred to the Deans Office.

**Sessions and Readings:**

1. **Implementation and Robustness (4 sessions):**

   M. Jackson (1991), Bayesian Implementation, Econometrica.
   *Gabriel Carroll (2015), Robustness and Linear Contracts, American Economic Review.

2. **Hierarchies, Decentralization and Collusion (4 sessions)**

*F Khalil, J Lawarree and S. Yun (2010), Bribery versus Extortion: Allowing the Lesser of Two Evils, Rand Journal of Economics.

3. Dynamics (5 sessions):
*J Tirole (2016), From the Bottom of the Barrel to Cream of the Crop: Sequential Screening with Positive Selection, Econometrica.
J Levin (2003), Relational Incentive Contracts, American Economic Review.
*M. Halac (2012), Relational Contracts and the Value of Relationships, American Economic Review.