

# Microeconomics III

–European University Institute, 2019–

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**Time and Location** Wednesdays, 11a.m.-12:30p.m. & Fridays, 9:30a.m.-11a.m., Seminar room 3rd floor.

**Teaching Assistant** Matteo Escudé

**Course Requirements** Problem sets and a final exam.

## **Texts**

1. Mas-Colell, A., M. D. Whinston, and J. R. Green. (MWG) *Microeconomic theory*. New York: Oxford University Press, 1995.
2. (*recommended:*) Börgers, T. *An introduction to the theory of mechanism design*. Oxford University Press, USA, 2015.

## **Content**

### **Part 1 - Information Economics (ca. 3 weeks):**

- Informational asymmetries and adverse selection; signaling; screening (MWG 13B,C,D).
- Principal-agent-model: moral hazard, hidden information and monopolistic screening (MWG 14B,C,D).

### **Part 2 - Mechanism Design (ca. 4 weeks):**

- Social Choice: May's Theorem, Arrow's Impossibility Theorem, single-peaked preferences (MWG 21B,C,D).
- Mechanism Design: direct revelation mechanisms, dominant strategy implementation, revelation principle, Gibbard-Satterthwaite Theorem; Vickrey-Groves-Clarke and Pivot Mechanism; Bayesian Implementation; Myerson-Satterthwaite Theorem; Revenue equivalence; Optimal mechanisms; Expected Externality Mechanism (MWG 23).
- Matching - a short introduction (1 lecture).