

Advanced Topics in Game Theory and Information Economics
Reading List

Items marked with a star (*) are assigned reading.

I. Dynamic Games with Asymmetric Information

A. Basic Tools (APS 1/8, 1/10, FLM 1/15)

Abreu, D., D. Pearce, and E. Stacchetti, "Optimal Cartel Equilibria with Imperfect Monitoring," *Journal of Economic Theory* v39, n1 (June 1986): 251-69.

*Abreu, D., D. Pearce, and E. Stacchetti, "Toward a Theory of Discounted Repeated Games with Imperfect Monitoring," *Econometrica* v58, n5 (September 1990): 1041-63.

*Fudenberg, D., D. Levine, and E. Maskin, "The Folk Theorem with Imperfect Public Information," *Econometrica* v62, n5 (September 1994): 997-1039.

B. Small Numbers of Agents (1/15, 1/17)

*Athey, S. and K. Bagwell, "Optimal Collusion with Private Information," *RAND Journal of Economics*, Autumn 2001.

*Athey, S., K. Bagwell, and C. Sanchirico, "Collusion and Price Rigidity," 1998, MIT Working Paper 98-23. <http://www.stanford.edu/~athey/absrev1f.pdf>

Wang, C., "Dynamic Insurance with Private Information and Balanced Budgets," *Review of Economic Studies*, 62.4, October 1995, pp. 577-95.

C. Policy Games (1/24)

Athey, S., A. Atkeson, and P. Kehoe, "On the Optimality of Transparent Monetary Policy," Mimeo, Minneapolis Federal Reserve Bank, 2001.

*Chari, V. V. and P. Kehoe, "Sustainable Plans and Debt," *Journal of Economic Theory*, 1993, vol. 61, pp. 230-260.

Chari, V. V. and P. Kehoe, "Sustainable Plans and Mutual Default," *Review of Economic Studies* Vol 60, 1993, pp. 175-195.

*Chari, V. V. and P. Kehoe, "Optimal Fiscal and Monetary Policy," *Handbook of Monetary Economics*, Vol 1., edited by John Taylor and Michael Woodford, 1999.

*Phelan, C. and E. Stacchetti, "Sequential Equilibria in a Ramsey Tax Model," Minneapolis Federal Reserve Bank Staff Report 258. Forthcoming, *Econometrica*.
http://woodrow.mpls.frb.fed.us/research/sr/sr258_1.pdf

D. Dynamic Incentive-Insurance Tradeoffs (1/29)

*Atkeson, A. and R. Lucas, "On Efficient Distribution with Private Information," *Review of Economic Studies*, 59.3, July 1992, pp. 427-53.

*Fernandes, A. and C. Phelan, "A Recursive Formulation for Repeated Agency with History Dependence," *Journal of Economic Theory*, Vol. 19, No. 2, April 2000, pp. 223-247.

<http://woodrow.mpls.frb.fed.us/research/sr/sr259.pdf>

*Golosov, M., N. Kocherlakota, A. Tsyvinski, "Optimal Direct and Indirect Taxation," Minneapolis Federal Reserve Bank Research Dept. Staff Report 293, 2001.

<http://www.minneapolisfed.org/research/sr/sr293.pdf>

- Kocherlakota, N., "Implications of Efficient Risk Sharing without Commitment," *Review of Economic Studies* 63 (1996), 595-610.
- Phelan, Christopher, and Robert M. Townsend, "Computing Multi-period, Information-Constrained Optima." *Review of Economic Studies* 58 (5), 1991, pp. 853-81.
- E. Hidden Storage (1/31)**
- *Cole, H. and N. Kocherlakota, "Efficient Allocations with Hidden Income and Hidden Storage," *Review of Economic Studies*, 68 (2001), 523-42.
- *Cole, H. and N. Kocherlakota, "Dynamic Games with Hidden Actions and Hidden States," *Journal of Economic Theory* 98 (2001), 114-26.
- Werning, I., "Repeated Moral Hazard with Unmonitored Wealth: A Recursive First-Order Approach," Working Paper, Chicago, 2001.
- Werning, I., "Optimal Unemployment Insurance with Unobservable Wealth," Working Paper, Chicago, 2001.
- F. Relational Contracting (2/5--Guest Lecture, Jon Levin)**
- *Levin, J., "Relational Incentive Contracts," Stanford Working Paper 01-002, Revised 2001. <http://www.stanford.edu/~jdlevin/Papers/RIC.pdf>
- *Rayo, L., "Relational Team Incentives and Ownership," Mimeo, Stanford University, 2001.
- G. Private Monitoring (2/7)**
- Cole, H. and N. Kocherlakota, "Finite Memory and Imperfect Monitoring," Minneapolis Federal Reserve Bank Staff Report 287, 2001. <http://woodrow.mpls.frb.fed.us/research/sr/sr287.pdf>
- Compte, O., "Communication in Repeated Games with Private Monitoring," *Econometrica*, 1998, 66: 597-626.
- Kandori, M. and H. Matshushima, "Private Observation, Communication and Collusion," *Econometrica*, 1998, 66: 627-652.
- *Mailath, G. and S. Morris, "Repeated Games with Almost-Perfect Monitoring," Working Paper, Yale University. <http://www.econ.yale.edu/~sm326/almost-pub.pdf>
- II. Intrapersonal Games and Self-Control Problems (2/12, 2/14)**
- *Benabou, R. and J. Tirole, "Self-Confidence and Personal Motivation," forthcoming in the *Quarterly Journal of Economics*. <http://www.princeton.edu/~rbenabou/CONFQJE2.PDF>
- Benabou, R. and J. Tirole, "Self-Confidence and Social Interactions," NBER Working Paper No. 7585, March 2000. <http://www.princeton.edu/~rbenabou/W7585.html>
- *Gul, F. and W. Pesendorfer, "Temptation and Self-Control," forthcoming, *Econometrica*. <http://www.princeton.edu/~fgul/tscs2.pdf>
- *Gul, F. and W. Pesendorfer, "Self-Control and Theory of Consumption," Working Paper, Princeton University. <http://www.princeton.edu/~fgul/consumption.pdf>
- Gul, F. and W. Pesendorfer, "A Theory of Addiction," Working Paper, Princeton University, <http://www.princeton.edu/~fgul/addic.pdf>
- Harris, C. and D. Laibson, "Instantaneous Gratification," Working Paper, Harvard University, 2001. <http://post.economics.harvard.edu/faculty/laibson/papers/instgrat.pdf>
- Krusell, P. and A. Smith, "Consumption and Savings Decisions with Quasi-Geometric Discounting." Working Paper, Rochester, 2001. <http://fasttone.gsia.cmu.edu/tony/quasi2.pdf>
- *Rabin, M. and T. O'Donoghue, "Incentives for Procrastinators," *Quarterly Journal of Economics* 114(3), 769-816, August 1999.

Rabin, M. and T. O'Donoghue, "Choice and Procrastination," *Quarterly Journal of Economics*, forthcoming, February 2001. <http://emlab.berkeley.edu/users/rabin/choice.pdf>

III. Global Games (2/14)

*Morris, S. and H. Shin, "Global Games: Theory and Applications," Working Paper, Yale University, 2001. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=284813

IV. Auctions

A. Common Value Auctions

*Milgrom, P. and R. Weber, "A Theory of Auctions and Competitive Bidding," *Econometrica*, 1982, 50, 1089-1122.

B. Auctions with Large Numbers of Bidders (2/19--Guest Lecture Ilan Kremer)

*Kremer, I., "Information Aggregation in Common Value Auctions," Mimeo, Stanford University, 1999.

Pesendorfer, W. and J. Swinkels, "The Loser's Curse and Information Aggregation in Common Value Auctions," *Econometrica*, 65, No. 6, November 1997 pp. 1247-1281.

*Pesendorfer, W. and J. Swinkels, "Efficiency and Information Aggregation in Auctions," *American Economic Review*, 2000.

Milgrom, P. "A Convergence Theorem for Competitive Bidding with Differential Information," *Econometrica*, 47, 679-88.

*Swinkels, J., "Efficiency of Large Private Value Auctions," *Econometrica* v69, n1 (January 2001): 37-68.

Wilson, R., "A Bidding Model of Perfect Competition," *Review of Economic Studies*, 44, 511-18.

C. Existence of Equilibrium in Auctions (2/21)

*Athey, S., "Single Crossing Properties and the Existence of Pure Strategy Nash Equilibria in Games of Incomplete Information," *Econometrica*, July 2001.

Jackson, M., L. Simon, J. Swinkels, and W. Zame, "Communication and Equilibrium in Discontinuous Games of Incomplete Information," Mimeo, Cal Tech.

<http://www.hss.caltech.edu/~jacksonm/commun.pdf>

Kazumori, K., "Toward a Theory of Value in Strategic Markets with Incomplete Information: Static Economies." Working Paper, Stanford, 2001.

Maskin, E. and J. Riley, "Equilibrium in Sealed High Bid Auctions," *Review of Economic Studies*, 67, 2000, pp. 439-454.

McAdams, D., "Isotone Equilibrium in Games of Incomplete Information," Working Paper, MIT, 2001. http://www.mit.edu/~mcadams/papers/iegii_0830_2001.pdf

McAdams, D., "Isotone Equilibrium in Multi-Unit Auctions," Working Paper, MIT, 2001. http://www.mit.edu/~mcadams/papers/iemua_0830_2001.pdf

D. Efficient Auctions (2/21, 2/26, 2/28)

*Ausubel, L., "An Efficient Ascending-Bid Auction for Multiple Objects," Working Paper No. 97-06, Department of Economics, University of Maryland, June 1997.

<http://www.ausubel.com/larry/auction-papers.htm>

*Ausubel, L. and P. Cramton, "Demand Reduction and Inefficiency in Multi-Unit Auctions," Working Paper No. 96-07, Department of Economics, University of Maryland, April 1998.

<http://www.ausubel.com/larry/auction-papers.htm>

*Ausubel, L. and P. Milgrom, "Ascending Auctions with Package Bidding," working paper, University of Maryland and Stanford University, 7 June 2001
<http://www.ausubel.com/larry/auction-papers.htm>

*Dasgupta, P. and E. Maskin, "Efficient Auctions," *Quarterly Journal of Economics*. Vol. CXV, May 2000, 341-388.

Eso, P. and E. Maskin, "Multi-Good Efficient Auctions with Multidimensional Information," Working Paper, Harvard, 2000. <http://www.kellogg.nwu.edu/faculty/eso/htm/papers/em43.pdf>

*Jehiel, P. and B. Moldovanu, "Efficient Design with Interdependent Valuations," *Econometrica* 69 (5), 2001, 1237-1259. <http://www.vwl.uni-mannheim.de/moldovan/papers/fineff3.pdf>

Perry, M., and P. Reny: "An Efficient Auction," *Econometrica*, forthcoming.
<http://www.src.uchicago.edu/users/preny/efficient-auction.pdf>

Perry, M. and P. Reny, "An Efficient Multi-Unit Ascending Auction," Mimeo, University of Chicago, 2001. <http://www.src.uchicago.edu/users/preny/ascending-auction.pdf>

E. Multi-Unit Auctions (2/28, 3/5)

*Kazumori, Eiichiro, "Optimal Auction Design for Heterogeneous Commodities." Stanford University Working Paper.

Engelbrecht-Wiggans, R., and Kahn, C., "Multi-Unit Auctions With Uniform Prices," *Economic Theory*, Vol. 12, Iss. 2, August 1998.

F. Information Acquisition and Investment in Auctions (3/5, 3/7)

*Arozamena, L. and E. Cantillon, "Investment Incentives in Procurement Auctions," Working Paper, Harvard Business School, 2001.
http://www.people.hbs.edu/ecantillon/procurement_August01.pdf

*Bergemann, D. and J. Valimaki, "Information Acquisition and Ecient Mechanism Design", 2001, forthcoming in *Econometrica*. <http://cowles.econ.yale.edu/P/cd/d12a/d1248.pdf>

Bergemann, D. and M. Pesendorfer, "Information Structures in Optimal Auctions," 2001. Cowles Foundation Discussion Paper 1323. <http://cowles.econ.yale.edu/P/cd/d13a/d1323.pdf>

*Persico, N., "Information Acquisition in Auctions," *Econometrica*, January 2000, 68(1), pp. 135-48.

V. Epistemic Foundations of Game Theory (3/14--Guest Lecture, Yossi Feinberg)

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