

**Advanced Topics in Game Theory and Information Economics
Reading List**

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

I. Static Multi-Agent Mechanism Design

A. Basic Tools

Baron, D. and R. Myerson (1982), "Regulating a Monopolist with Unknown Costs," *Econometrica*. July.

Laffont, J-J and J. Tirole (1993), *A Theory of Procurement and Incentives in Regulation*, Chapter 2.

Mas-Colell, Whinston, & Green, Chapter 13.

d'Aspremont, C. and L. Gerard-Varet (1979), "Incentives and Incomplete Information," *Journal of Public Economics*, 11: 24-45.

Fudenberg, D. and J. Tirole (1991), Chapter 7.

*Mas-Colell, Whinston, & Green, Chapter 23.

McAfee, R.P. (1992), "Correlated Information and Mechanism Design," *Econometrica*, 60 (2): 395-421.

B. Independent Private Values Auctions, Revenue Equivalence, and Optimal Auctions

*Bulow, J. and J. Roberts, (1989), "The Simple Economics of Optimal Auctions," *Journal of Political Economy*, 97(5): 1060-1090.

McAfee, R.P. and J. McMillan (1987), "Auctions and Bidding", *Journal of Economic Literature*, XXV, pp. 699-738.

*Myerson, R. (1981), "Optimal Auction Design," *Mathematics of Operations Research*, 6: 58-73.

C. Trading Mechanisms

*Myerson, Roger and M. Satterthwaite (1983), "Efficient Mechanisms for Bilateral Trading," *Journal of Economic Theory*, 29: 265-281.

II. Dynamic Games with Asymmetric Information

A. Basic Tools

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

*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

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

*Chari, V. V., P. Kehoe, and E. Prescott, "Time Consistency and Policy," *Modern Business Cycle Theory* (1989, pp. 265-305). <http://minneapolisfed.org/research/sr/sr115.html>

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. Repeated Games with Persistent Private Information

Athey, S. and K. Bagwell, "Collusion with Persistent Private Information," Mimeo, Stanford, 2002.

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.

*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>

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.

E. Relational Contracting

*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.

F. Private Monitoring

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>

III. Auctions Revisited

A. Comparative Statics Tools and Affiliation

*Athey, S., "Monotone Comparative Statics Under Uncertainty," *Quarterly Journal of Economics*, February 2002.

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

B. Common Value Auctions

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

C. Auctions with Large Numbers of Bidders

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.

D. Existence of Equilibrium in Auctions

*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

E. Efficient Auctions

*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>

F. Information Acquisition and Investment in Auctions

*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 Efficient 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.

IV. Choice Theory, Behavioral Anomalies, and Intrapersonal Games

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>

V. Global Games

*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