

ECO 7113: INFORMATION AND INCENTIVES (SPRING 2023, MOD II)

Instructor	Professor David Sappington (sapping@ufl.edu)
Class Meeting Times	Monday and Wednesday, Periods 3 and 4 (230 Heavener Hall) ¹
Office Hours	Monday and Wednesday, 8:00 – 9:00 am (204 Matherly Hall) and by appointment.
Course Prerequisites	Economics 7115. A solid knowledge of microeconomic analysis is essential, as is facility with constrained optimization techniques.

Course Description

This course is designed to introduce you to models of decision-making and strategic interaction in the presence of limited and asymmetric information. We will begin with a brief review of essential tools and concepts. Then we will proceed to analyze basic moral hazard, adverse selection, and signaling problems.

Course Requirements and Grading

Course examination: Monday, April 24th, periods 1 – 4. (Counts for 85% of your course grade.)

Homework exercises: Due as announced in class.² (Counts for 15% of your course grade.)

Grading Scale:	A	92.00 – 100	C+	74.00 – 76.99
	A-	88.00 – 91.99	C	70.00 – 73.99
	B+	84.00 – 87.99	C-	65.00 – 69.99
	B	80.00 – 83.99	D+	60.00 – 64.99
	B-	77.00 – 79.99	D	Below 60

Primary Readings for Course

Class lectures will be drawn primarily from selected articles on this syllabus. These articles are available on the class website: <https://elearning.ufl.edu>.

The following textbooks might be useful as supplemental reading, but are not required:

The Theory of Incentives: The Principal-Agent Model by J. Laffont and D. Martimort (Princeton University Press, 2002).

An Introduction to the Economics of Information by I. Macho-Stadler and D. Perez-Castrillo (Oxford University Press, Second Edition, 2001).

Additional Supplementary Textbooks

1. *An Introduction to the Theory of Mechanism Design* by T. Borgers (Oxford University Press, 2015).
2. *Contract Theory* by P. Bolton and M. Dewatripont (MIT Press, 2005).

The readings that follow include articles that will be discussed in class and other articles that merit study if you ultimately plan to conduct research in this field. The reading list is not comprehensive. Rather, it is intended to suggest a few articles that may help you to begin a more comprehensive and systematic study of the vast literature on contracting in the presence of asymmetric information.

1 This is a fully in-person course. Lectures will not be streamed or recorded. The course examination will be an in-person exam.

2 There are nine homework exercises. One exercise will be due approximately each class period, beginning on March 20th. Your grade on homework exercises will depend primarily on your performance on the exercise that you present to the class.

Mathematical, Statistical, and Economic Preliminaries

- L. Anderson and C. Holt, "Understanding Bayes Rule," *Journal of Economic Perspectives*, 10(2), Spring 1996, 179-187.
- J. Hadar and W. Russell, "Rules for Ordering Uncertain Prospects," *American Economic Review*, 59(1), March 1969, 25-34.
- C. Ilut and M. Schneider, "Modeling Uncertainty as Ambiguity: A Review," NBER Working Paper No. w29915, April 2022 (<https://ssrn.com/abstract=4080655>).
- B. Koszegi and M. Rabin, "Reference-Dependent Risk Attitudes," *American Economic Review*, 97(4), September 2007, 1047-1073.
- T. O'Donoghue and J. Somerville, "Modeling Risk Aversion in Economics," *Journal of Economic Perspectives*, 32(2), Spring 2018, 91-114.
- J. Pratt, "Risk Aversion in the Small and the Large," *Econometrica*, 32(1), January 1964, 122-136.
- L. Samuelson, "Modeling Knowledge in Economic Analysis," *Journal of Economic Literature*, 42(2), June 2004, 367-403.
- H. Varian, *Microeconomic Analysis*. New York: Norton (2nd Edition), 1994, section on Expected Utility Theory.

Overviews and Surveys of the Literature

- Laffont and Martimort, Introduction and Chapter 1.
- P. Bolton and M. Dewatripont, *Contract Theory*. MIT Press, 2005, Chapter 1.
- O. Hart, "Incomplete Contracts and Control," *American Economic Review*, 107(7), July 2017, 1731-1752.
- B. Holmstrom, "Pay for Performance and Beyond," *American Economic Review*, 107(7), July 2017, 1753-1777.
- I. Macho-Stadler and D. Perez-Castrillo, *An Introduction to the Economics of Information*. Oxford University Press, 1997.
- D. Mookherjee, "The 2007 Nobel Memorial Prize in Mechanism Design Theory," *Journal of Scandinavian Economics*, 110(2), June 2008, 237-260.
- R. Myerson, "Perspectives on Mechanism Design in Economic Theory," *American Economic Review*, 98(3), June 2008, 586-603.
- C. Prendergast, "Agency Issues," *Journal of Political Economy*, 125(6), December 2017, 1878-1884.
- J. Stiglitz, "Information and the Change in the Paradigm in Economics," *American Economic Review*, 92(3), June 2002, 460-501.

Basic Moral Hazard Problems

Laffont and Martimort, Chapter 4 and Section 5.1.

- S. Grossman and O. Hart, “An Analysis of the Principal-Agent Problem,” *Econometrica*, 51(1), January 1983, 7-46.
- B. Holmstrom, “Moral Hazard and Observability,” *Bell Journal of Economics*, 10(1), Spring 1979, 74-91.
- O. Kadan and J. Swinkels, “On the Moral Hazard Problem without the First-Order Approach,” *Journal of Economic Theory*, 148(6), November 2013, 2313-2343.
- P. Milgrom, “Good News and Bad News: Representation Theorems and Applications,” *Bell Journal of Economics*, 12(2), Autumn 1981, 380-391.

The First-Order Approach

Laffont and Martimort, Section 5.1.3.

- H. Chade and J. Swinkels, “The No-Upward-Crossing Condition, Comparative Statics, and the Moral-Hazard Problem,” *Theoretical Economics*, 15(2), May 2020, 445-476.
- I. Jewitt, “Justifying the First-Order Approach to Principal-Agent Problems,” *Econometrica*, 56(5), September 1988, 1177-1190.
- R. Kirkegaard, “A Unifying Approach to Incentive Compatibility in Moral Hazard Problems,” *Theoretical Economics*, 12(1), January 2017, 25-51.
- W. Rogerson, “The First-Order Approach to Principal-Agent Problems,” *Econometrica*, 53(6), November 1985, 1357-1368.

Moral Hazard and Limited Liability

- R. Innes, “Limited Liability and Incentive Contracting with *Ex Ante* Action Choices,” *Journal of Economic Theory*, 52(1), October 1990, 45-67.
- I. Jewitt, O. Kadan, and J. Swinkels, “Moral Hazard with Bounded Payments,” *Journal of Economic Theory*, 143(1), November 2008, 59-82.
- S. Ollier and L. Thomas, “Ex Post Participation Constraint in a Principal-Agent Model with Adverse Selection and Moral Hazard,” *Journal of Economic Theory*, 148(6), November 2013, 2383-2403.
- J. Pobleto and D. Spulber, “The Form of Incentive Contracts: Agency with Moral Hazard, Risk Neutrality and Limited Liability,” *Rand Journal of Economics*, 43(2), Summer 2012, 215-234.

Discrete Adverse Selection Problems

Laffont and Martimort, Sections 2.1 – 2.8, 3.1, 3.5.

- D. Sappington, “Limited Liability Contracts Between Principal and Agent,” *Journal of Economic Theory*, 29(1), February 1983, 1-21.

The Revelation Principle

Laffont and Martimort, Section 2.9.

M. Harris and R. Townsend, "Allocation Mechanisms, Asymmetric Information, and the Revelation Principle," in G. Feiwel (ed.), *Issues in Contemporary Microeconomics and Welfare*. London: MacMillan, 1985, pp. 379-394.

T. Sugaya and A. Wolitzky, "The Revelation Principle in Multistage Games," *Review of Economic Studies*, 88(3), May 2021, 1503-1540.

Basic Continuous Adverse Selection Problems

Laffont and Martimort, Appendices 3.1 - 3.3.

A. Araujo and H. Moreira, "Adverse Selection Problems without the Spence-Mirrlees Condition," *Journal of Economic Theory*, 145(3), May 2010, 1113-1141.

M. Bagnoli and T. Bergstrom, "Log-Concave Probability and its Applications," *Economic Theory*, 26(2), August 2005, 445-469.

D. Baron and R. Myerson, "Regulating a Monopolist with Unknown Costs," *Econometrica*, 50(4), July 1982, 911-930.

G. Carroll, "When are Local Incentive Constraints Sufficient?" *Econometrica*, 80(2), March 2012, 661-686.

R. Guesnerie and J. Laffont, "A Complete Solution to a Class of Principal-Agent Problems with an Application to the Control of a Self-Managed Firm," *Journal of Public Economics*, 25(3), December 1984, 329-369.

J. Laffont and J. Tirole, "Using Cost Observation to Regulate Firms," *Journal of Political Economy*, 94(3), June 1986, 614-641.

T. Lewis and D. Sappington, "Regulating a Monopolist with Unknown Demand," *American Economic Review*, 78(5), December 1988, 986-998.

Countervailing Incentives

Laffont and Martimort, Section 3.3.

B. Jullien, "Participation Constraints in Adverse Selection Models," *Journal of Economic Theory*, 93(1), July 2000, 1-47.

T. Lewis and D. Sappington, "Countervailing Incentives in Agency Problems," *Journal of Economic Theory*, 49(2), December 1989, 294-313.

G. Maggi and A. Rodriguez-Clare, "On Countervailing Incentives," *Journal of Economic Theory*, 66(1), June 1995, 238-263.

J. Rochet and L. Stole, "Nonlinear Pricing with Random Participation," *Review of Economic Studies*, 69(1), January 2002, 277-311.

Adverse Selection and Moral Hazard

- Y. Che, E. Iossa, P. Rey, “Prizes versus Contracts as Incentives for Innovation,” *Review of Economic Studies*, 88(5), October 2021, 2149-2178.
- R. Gary-Bobo and A. Trannoy, “Optimal Student Loans and Graduate Tax under Moral Hazard and Adverse Selection,” *Rand Journal of Economics*, 46(3), Fall 2015, 546-576.
- S. Hofner and C. Taylor, “On Young Turks and Yes Men: Optimal Contracting for Advice,” *RAND Journal of Economics*, 53(1), Spring 2022, 63-94.
- S. Ollier and L. Thomas, “Ex Post Participation Constraint in a Principal-Agent Model with Adverse Selection and Moral Hazard,” *Journal of Economic Theory*, 148(6), November 2013, 2383-2403.
- D. Rietzke and Y. Chen, “Push or Pull? Performance-pay, Incentives, and Information,” *Rand Journal of Economics*, 51(1), Spring 2020, 301-317.

Multidimensional Adverse Selection

Laffont and Martimort, Section 3.2.

- M. Armstrong and J. Rochet, “Multi-Dimensional Screening: A User’s Guide,” *European Economic Review*, 43(4-6), April 1999, 959-979.
- J. Asker and E. Cantillon, “Procurement When Price and Quality Matter,” *Rand Journal of Economics*, 41(1), Spring 2010, 1-34.
- F. Herweg and K. Schmidt, “Bayesian Implementation and Rent Extraction in a Multi-Dimensional Procurement Problem,” *International Journal of Industrial Organization*, 70, May 2020, Article 102521.
- J. Rochet and P. Choné, “Ironing, Sweeping, and Multidimensional Screening,” *Econometrica*, 66(4), July 1998, 783-826.

Multiple Tasks

Laffont and Martimort, Section 5.2.

- F. Ederer, R. Holden, and M. Meyer, “Gaming and Strategic Opacity in Incentive Provision,” *Rand Journal of Economics*, 49(4), Winter 2018, 819-854.
- B. Holmstrom and P. Milgrom, “Aggregation and Linearity in the Provision of Intertemporal Incentives,” *Econometrica*, 55(2), March 1987, 303-328.
- B. Holmstrom and P. Milgrom, “Multi-Task Principal-Agent Analyses: Incentive Contracts, Asset Ownership, and Job Design,” *Journal of Law, Economics, and Organization*, 7, Special Issue, 1991, 24-52.
- R. Kirkegaard, “Contracting with Private Rewards,” *Rand Journal of Economics*, 51(2), Summer 2020, 589-612.

Auditing, Monitoring and Incentives

Laffont and Martimort, Section 3.6.

- R. Dye, "Optimal Monitoring Policies in Agencies," *Rand Journal of Economics*, 17(3), Autumn 1986, 339-350.
- F. Khalil, "Auditing Without Commitment," *Rand Journal of Economics*, 28(4), Winter 1997, 629-640.
- I. Mrinovic and M. Szydlowski, "Monitoring with Career Concerns," *RAND Journal of Economics*, 53(2), Summer 2022, 404-428.
- F. Varas, I. Marinovic, and A. Skrzypacz, "Random Inspections and Periodic Reviews: Optimal Dynamic Monitoring," *Review of Economic Studies*, 87(6) November 2020, 2893-2937.
- W. Xiang, "Who Will Watch the Watchers? On Optimal Monitoring Networks," *Journal of Economic Theory*, 187, May 2020, Article 105018.

Incentive Schemes with Multiple Agents

- A. Kaya and G. Vereshchagina, "Sorting Expertise," *Journal of Economic Theory*, 204, September 2022, Article 105497.
- D. Fang, T. Noe, and P. Strack, "Turning Up the Heat: The Discouraging Effect of Competition in Contests," *Journal of Political Economy*, 128(5), May 2020, 1940-1975.
- J. Gans and R. Holden, "Mechanism Design Approaches to Blockchain Consensus," NBER Working Paper No. 30189, June 2022.
- M. Halac, E. Lipnowski, and D. Rappoport, "Rank Uncertainty in Organizations," *American Economic Review*, 111(3), March 2021, 757-786.
- B. Holmstrom, "Moral Hazard in Teams," *Bell Journal of Economics*, 13(2), Autumn 1982, 324-340.
- A. Kambhampati and C. Segura-Rodriguez, "The Optimal Assortativity of Teams Inside the Firm," *RAND Journal of Economics*, 53(3), Fall 2022, 484-515.
- E. Ozdenoren and O. Rubanov, "Profit Sharing and Incentives," *International Journal of Industrial Organization*, 83, July 2022, Article 102857.
- E. Rasmusen, "Moral Hazard in Risk-Averse Teams," *Rand Journal of Economics*, 18(3), Autumn 1987, 428-435.

Double Moral Hazard

- B. Bental, B. Deffains, and D. Demougin, "Credibility and Monitoring: Outsourcing as a Commitment Device," *Journal of Economics and Management Strategy*, 21(1), Spring 2012, 31-52.
- D. O'Brien, "All-Unit Discounts and Double Moral Hazard," *Journal of Economic Theory*, 170, July 2017, 1-28.

C. Prendergast, "The Economics of Wild Goose Chases," *Rand Journal of Economics*, 46(1), Spring 2015, 146-164.

Auctions

D. Bergemann, T. Heumann, S. Morris, C. Sorokin, and E. Winter, "Optimal Information Disclosure in Classic Auctions," *American Economic Review: Insights*, 4(3), September 2022, 371-388.

B. Jovanovic and A. Menkveld, "Equilibrium Bid-Price Dispersion," *Journal of Political Economy*, 130(2), February 2022, 426-461.

P. Klemperer, "What Really Matters in Auction Design," *Journal of Economic Perspectives*, 16(1), Winter 2002, 169-189.

P. Milgrom, "Auction Research Evolving: Theorems and Market Designs," *American Economic Review*, 111(5), May 2021, 1383-1405.

J. Riley and W. Samuelson, "Optimal Auctions," *American Economic Review*, 71(3), June 1981, 381-392.

R. Wilson, "Strategic Analysis of Auctions," *Econometrica*, 89(2), March 2021, 555-561.

Signaling

M. Baye and D. Sappington, "Revealing Transactions Data to Third Parties: Implications of Privacy Regimes for Welfare in Online Markets," *Journal of Economics and Management Strategy*, 29(2), Summer 2020, 260-275.

H. Bester, M. Lang, and J. Li, "Signaling versus Auditing," *RAND Journal of Economics*, 52(4), Winter 2021, 859-883.

I. Cho and D. Kreps, "Signaling Games and Stable Equilibria," *Quarterly Journal of Economics*, 102(2), May 1987, 179-222.

P. Denter, J. Morgan, and D. Sisak, "Showing Off or Laying Low? The Economics of Psych-outs," *American Economic Journal: Microeconomics*, 14(1), February 2022, 529-580.

N. Feltovich, R. Harbaugh, and T. To, "Too Cool for School? Signaling and Countersignaling," *Rand Journal of Economics*, 33(4), Winter 2002, 630-649.

P. Kurlat and F. Scheuer, "Signalling to Experts," *Review of Economic Studies*, 88(2), March 2021, 800-850.

A. Mas-Colell, M. Whinston, and J. Green, *Microeconomic Theory*. Oxford University Press, 1995, pp. 450-460, 467-472.

F. Munoz-Garcia and A. Espinola-Arredondo, "The Intuitive and Divinity Criterion: Interpretation and Step-by-Step Examples," *Journal of Industrial Organization Education*, 5(1), 2010, Article 7. DOI: 10.2202/1935-5041.1024

Collusion

- R. Burguet, "Procurement Design with Corruption," *American Economic Journal: Microeconomics*, 9(2), May 2017, 315-41.
- C. von Negenborn and M. Pollrich, "Sweet Lemons: Mitigating Collusion in Organizations," *Journal of Economic Theory*, 189, September 2020, Article 105074.
- F. Khalil and J. Lawarree, "Incentives for Corruptible Auditors in the Absence of Commitment," *Journal of Industrial Economics*, 54(2), June 2006, 269-291.

Delegation

- M. Agastya, P. Bag, and I. Chakraborty, "Communication and Authority with a Partially Informed Expert," *Rand Journal of Economics*, 45(1), Spring 2014, 176-197.
- I. Deimen and D. Szalay, "Delegated Expertise, Authority, and Communication," *American Economic Review*, 109(4), April 2019, 1349-1374.
- N. Kartik, A. Kleiner and R. van Weelden, "Delegation in Veto Bargaining," *American Economic Review*, 111(12), December 2021, 4046-4087.
- E. Lipnowski and J. Ramos, "Repeated Delegation," *Journal of Economic Theory*, 188, July 2020, Article 105040

Experts, Intermediaries, and Credence Goods

- A. Ambrus, V. Baranovskyi, and A. Kolb, "A Delegation-Based Theory of Expertise," *American Economic Journals: Microeconomics*, 13(4), November 2021, 373-419.
- D. Bergemann, A. Bonatti, and T. Gan, "The Economics of Social Data," *RAND Journal of Economics*, 53(2), Summer 2022, 263-296.
- G. Biglaiser and F. Li, "Middlemen: The Good, the Bad, and the Ugly," *Rand Journal of Economics*, 49(1), Spring 2018, 3-22.
- U. Dulleck and R. Kerschbamer, "On Doctors, Mechanics, and Computer Specialists: The Economics of Credence Goods," *Journal of Economic Literature*, 44(1), March 2006, 5-42.
- P. Jost, S. Reik, and A. Ressi, "The Information Paradox in a Monopolist's Credence Goods Market," *International Journal of Industrial Organization*, 75, March 2021, Article 102694.

Contracting with Communication Costs

- M. Dewatripont and J. Tirole, "Modes of Communication," *Journal of Political Economy*, 113(6), December 2005, 1217-1238.
- N. Kartik, "Strategic Communication with Lying Costs," *Review of Economic Studies*, 76(4), October 2009, 1359-1395.

D. Mookherjee and M. Tsumagari, "Mechanism Design with Communication Constraints," *Journal of Political Economy*, 122(5), October 2014, 1094-1129.

Information Acquisition and Dissemination

S. Ali, N. Haghpanah, X. Lin, and R. Siegel, "How to Sell Hard Information," *Quarterly Journal of Economics*, 137(1), February 2022, 619-678.

M. Armstrong and J. Zhou, "Consumer Information and the Limits to Competition," *American Economic Review*, 112(2), February 2022, 534-577.

D. Bergemann, A. Bonatti, and A. Smolin, "The Design and Price of Information," *American Economic Review*, 108(1), January 2018, 1-48.

D. Bounie, A. Dubus, and P. Waelbroeck, "Selling Strategic Information in Digital Competitive Markets," *RAND Journal of Economics*, 52(2), Summer 2021, 283-313.

A. Liang, X. Mu, and V. Syrgkanis, "Dynamically Aggregating Diverse Information," *Econometrica*, 90(1), January 2022, 47-80.

S. Terstiege and C. Wasser, "Competitive Information Disclosure to an Auctioneer," *American Economic Journal: Microeconomics*, 14(3), August 2022, 622-664.

K. Yang, "Selling Consumer Data for Profit: Optimal Market-Segmentation Design and Its Consequences," *American Economic Review*, 112(4), April 2022, 1364-1393.

Regulating Information Disclosure

R. Dye, "Optimal Disclosure Decisions when there are Penalties for Nondisclosure," *Rand Journal of Economics*, 48(3), Fall 2017, 704-732.

M. Janssen and S. Roy, "Regulating Product Communication," *American Economic Journal: Microeconomics*, 14(1), February 2022, 245-283.

Contracting with Bounded Rationality

J. Glazer and A. Rubinstein, "A Model of Persuasion with Boundedly Rational Agents," *Journal of Political Economy*, 120(6), December 2012, 1057-1082.

A. Jakobsen, "A Model of Complex Contracts," *American Economic Review*, 110(5), May 2020, 1243-1273.

M. Rabin, "Incorporating Limited Rationality into Economics," *Journal of Economic Literature*, 51(2), June 2013, 528-43.

Behavioral Economics and Contracting

B. Koszegi, "Behavioral Contract Theory," *Journal of Economic Literature*, 52(4), December 2014, 1075-1118.

B. Koszegi and M. Rabin, "A Model of Reference-Dependent Preferences," *Quarterly Journal of Economics* 121(4), November 2006, 1133-1166.

M. Beckmann and M. Krakel, "Empowerment, Task Commitment, and Performance Pay," *Journal of Labor Economics*, 40(4), October 2022, 889–938.

Social Preferences

T. Besley and M. Ghatak, "Prosocial Motivation and Incentives," *Annual Review of Economics*, 10, 2018, 411-438.

E. Fehr, A. Klein, and K. Schmidt, "Fairness and Contract Design," *Econometrica*, 75(1), January 2007, 121–154.

U. Gneezy, S. Meier, and P. Rey-Biel, "When and Why Incentives (Don't) Work to Modify Behavior," *Journal of Economic Perspectives*, 25(4), Fall 2011, 191-210.

Simple Contracts

F. Balmaceda, "Contracting with Moral Hazard, Adverse Selection and Risk Neutrality: When Does One Size Fit All?" *International Journal of Game Theory*, 49(2), June 2020, 601-637.

A. Bos, D. Pal, and D. Sappington, "On the Performance of Linear Contracts," *Journal of Economics and Management Strategy*, 20(1), Spring 2011, pp. 159-193.

L. Chu and D. Sappington, "Simple Cost-Sharing Contracts," *American Economic Review*, 97(1), March 2007 419-428.

D. Gottlieb and H. Moreira, "Simple Contracts with Moral Hazard and Adverse Selection," *Theoretical Economics*, 17(3), July 2022, 1357-1401.

W. Rogerson, "Simple Menus of Contracts in Cost-Based Procurement and Regulation," *American Economic Review*, 93(3), June 2003, 919-926.

Informed Principals

Laffont and Martimort, Section 9.1.

E. Maskin and J. Tirole, "The Principal-Agent Relationship with an Informed Principal: The Case of Private Values," *Econometrica*, 58(2), March 1990, 379-410.

E. Maskin and J. Tirole, "The Principal-Agent Relationship with an Informed Principal, II: Common Values," *Econometrica*, 60(1), January 1992, 1-42.

T. Mylovanov, and T. Tröger, "Mechanism Design by an Informed Principal: Private Values with Transferable Utility," *Review of Economic Studies*, 81(4), October 2014, 1668-1707.

C. Wagner, T. Mylovanov, and T. Tröger, "Informed-Principal Problem with Moral Hazard, Risk Neutrality, and No Limited Liability," *Journal of Economic Theory*, 159A, September 2015, 280-289.

Multiple Principals

- D. Martimort and L. Stole, "The Revelation and Delegation Principles in Common Agency Games," *Econometrica*, 70(4), July 2002, 1659-1674.
- D. Martimort and L. Stole, "Market Participation in Delegated and Intrinsic Common-Agency Games," *Rand Journal of Economics*, 40(1), Spring 2009, 78-102.

Dynamic Agency Models

- Laffont and Martimort, Chapters 8, 9.3.
- J. Benkert and I. Letina, "Designing Dynamic Research Contests," *American Economic Journal: Microeconomics*, 12(4), November 2020, 270-289.
- D. Bergemann, F. Castro, and G. Weintraub, "The Scope of Sequential Screening with Ex Post Participation Constraints," *Journal of Economic Theory*, 188, July 2020, Article 105055.
- D. Bergemann and J. Välimäki, "Dynamic Mechanism Design: An Introduction," *Journal of Economic Literature*, 57(2), June 2019, 235-274.
- A. Dovis, R. Kirpalani, "Rules without Commitment: Reputation and Incentives," *Review of Economic Studies*, 88(6), November 2021, 2833-2856.
- J. Ely and M. Szydlowski, "Moving the Goalposts," *Journal of Political Economy*, 128(2), February 2020, 468-506.
- J. Zhu, "Myopic Agency," *Review of Economic Studies*, 85(2), April 2018, 1352-1388.

Renegotiation and Incomplete Contracts

- P. Aghion and R. Holden, "Incomplete Contracts and the Theory of the Firm: What Have We Learned over the Past 25 Years?" *Journal of Economic Literature*, 25(2), Spring 2011, 181-197.
- B. D. Bernheim and M. Whinston, "Incomplete Contracts and Strategic Ambiguity," *American Economic Review*, 88(4), September 1998, 902-932.
- P. Bolton and A. Faure-Grimaud, "Satisficing Contracts," *Review of Economic Studies*, 77(3), July 2010, 937-971.
- J. Laffont and J. Tirole, *A Theory of Incentives in Procurement and Regulation*. MIT Press, 1993, Chapter 10.
- Z. Neeman and G. Pavlov, "Ex post Renegotiation-Proof Mechanism Design," *Journal of Economic Theory*, 148(2), March 2013, 473-501.
- J. Tirole, "Cognition and Incomplete Contracts," *American Economic Review*, 99(1), March 2009, 265-294.

Relational Contracts

- J. Malcomson, "Relational Incentive Contracts," in R. Gibbons and J. Roberts (eds.), *The Handbook of Organizational Economics*. Princeton: Princeton University Press, 2013, pp. 1014-65.

- W. B. MacLeod, "Reputations, Relationships, and Contract Enforcement," *Journal of Economic Literature*, 45(3), September 2007, 595-628.
- A. Nguyen and T. Y. Tan, "Information Control in the Hold-Up Problem," *Rand Journal of Economics*, 50(4), Winter 2019, 768-786.
- J. Watson, D. Miller, and T. Olsen, "Relational Contracting, Negotiation, and External Enforcement," *American Economic Review*, 110(7), July 2020, 2153-2197.

Asymmetric Information and Competition

- A. Bisin and P. Gottardi, "Efficient Competitive Equilibria with Adverse Selection," *Journal of Political Economy*, 114(3), June 2006, 485-516.
- H. Fang and Z. Wu, "Multidimensional Private Information, Market Structure, and Insurance Markets," *Rand Journal of Economics*, 49(3), Fall 2018, 751-787.
- B. Lester, A. Shourideh, V. Venkateswaran, and A. Zetlin-Jones, "Screening and Adverse Selection in Frictional Markets," *Journal of Political Economy*, 127(1), February 2019, 338-377.
- M. Rothschild and J. Stiglitz, "Equilibrium in Competitive Insurance Markets: An Essay on the Economics of Imperfect Information," *Quarterly Journal of Economics*, 90(4), November 1976, 629-650.

Organizational Structure and Design

- P. Aghion and J. Tirole, "Formal and Real Authority in Organizations," *Journal of Political Economy*, 105(1), February 1997, 1-29.
- W. Dessein, and T. Santos, "Managerial Style and Attention," *American Economic Journal: Microeconomics*, 13(3), June 2021, 372-403.
- S. Grossman and O. Hart, "The Costs and Benefits of Ownership: A Theory of Vertical and Lateral Integration," *Journal of Political Economy*, 94(4), August 1986, 691-719.
- R. Strausz, "A Theory of Crowdfunding: A Mechanism Design Approach with Demand Uncertainty and Moral Hazard," *American Economic Review*, 107(6), June 2017, 1430-1476.

Empirical Tests of Agency Models

- C. Agahamolla, C. Corona, and R. Zheng, "No Reliance on Guidance: Counter-Signaling in Management Forecasts," *RAND Journal of Economics*, 52(1), Spring 2021, 207-245.
- D. Acemoglu, L. Fergusson, J. Robinson, D. Romero, and J. Vargas, "The Perils of High-Powered Incentives: Evidence from Colombia's False Positives," *American Economic Journal: Economic Policy*, 12(3), August 2020, 1-43.
- F. Annan, "Moral Hazard in Insurance: Theory and Evidence from a Credit Reform in Ghana," *Journal of Public Economics*, 209, May 2022, Article 104633.

- B. Biasi, "The Labor Market for Teachers under Different Pay Schemes," *American Economic Journal: Economic Policy*, 13(3), August 2021, 63-102.
- G. Georgiadis and M. Powell, "A/B Contracts," *American Economic Review*, 112(1), January 2022, 267-303.
- M. Hellwig, D. Schober, and L. Cabral, "Low-powered vs High-powered Incentives: Evidence from German Electricity Networks," *International Journal of Industrial Organization*, 73(6), December 2020, Article 102587.
- K. Kawai, K. Onishi, and K. Uetake, "Signaling in Online Credit Markets," *Journal of Political Economy*, 130(6), June 2022, 1585-1629.
- V. Marone and A. Sabety, "When Should There Be Vertical Choice in Health Insurance Markets?" *American Economic Review*, 112(1), January 2022, 304-342.
- E. Saltzman, "Managing Adverse Selection: Underinsurance versus Underenrollment," *RAND Journal of Economics*, 52(2), Summer 2021, 359-381.
- S. Vasserman and M. Watt, "Risk Aversion and Auction Design: Theoretical and Empirical Evidence," *International Journal of Industrial Organization*, 79, December 2021, Article 102758.

ADDITIONAL INFORMATION

Professionalism and Honor Code. Every student enrolled in this course agrees not to cheat or plagiarize, and further agrees to be bound by the [UF Student Honor Code](#).

Course Evaluation. Every student is strongly encouraged to provide feedback on the quality of instruction in this course by completing course evaluations online via GatorEvals. Students will be notified when the evaluation period opens.

Students Requiring Accommodations. Students with disabilities requesting accommodations should first register with the Disabilities Resource Center (392-8565; <https://disability.ufl.edu>), providing appropriate documentation. Once registered, students will receive an accommodation letter that can be presented to the instructor when requesting accommodations. Please register at the beginning of the course if seeking accommodations.

Health Counseling and Emergencies

U Matter, We Care:

If you or a friend is in distress, please contact umatter@ufl.edu or call 392-1575.

Counseling and Wellness Center: <http://www.counseling.ufl.edu/cwc> or 392-1575.

Sexual Assault Recovery Services (SARS): Student Health Care Center, 392-1161.

University Police Department: 392-1111 (or 9-1-1 for emergencies) or <http://www.police.ufl.edu>.