Anita Gantner

The Economics of Information

Master Program Experimental and Empirical Economics
SS 2025

General Remarks

The course "The Economics of Information" consists of a weekly 3-hour lecture with integrated tutorial, yielding a total of 7.5 ECTS. This course is an elective course in the Master Program "Experimental and Empirical Economics".

Prerequisites

Knowledge of basic concepts in graduate-level microeconomics and basic game theory are of advantage.

Time and Place

Classes will be regularly on Monday, 11:30-14:00 in SR 9.

Class starts on Monday, March 3, 2025.

Requirements for successful completion:

- *Attendance:* Regular attendance and participation in class is expected.
- *Problem sets:* There will be several problem sets assigned. You may work in groups on these assignments and hand in one homework per group. A maximum of 20% of the overall grade is assigned for completeness and presentation of homework problems in class.
- *Presentation:* Each student will have to present a paper, which accounts for 20% of the overall grade. More information to the presentation (topics, dates) will be given in the first week of class.
- *Written exams:* Exam 1 on May 13, 2024
  Exam 2 on June 24, 2024
  Please keep these dates free from any other obligations. Alternative exam dates can be offered only in exceptional circumstances.

Grading:

20% homework assignment, 20% paper presentation, 30% exam 1, 30% exam 2.

Registration:

Registration is via computer. Registered students who decide to unregister must do so by notifying the lecturer no later than March 20, 2025.

Topics of this course:

Principle-Agent Theory: Adverse Selection

- one principal, one agent
- competition among principals
- signaling models (Spence's education model)

Information Updating and Social Information

- Bayesian Updating - Examples
- Information Cascades

Mechanism Design

- social choice, impossibility theorems
- incentives in voting schemes: strategic voting and manipulation
- mechanisms for socially efficient allocations (Groves-Clarke mechanisms)
- mechanisms to allocate indivisible objects (Solomon's dilemma)
- mechanisms for fair division

Bargaining Theory and Applications

- models with complete information (delay, outside options)
- models with incomplete information (one-sided, two-sided)
- bargaining when agents have (non-equal) claims