

# Economics of Contracts and Organization: Syllabus

University of Tokyo

2021

## Administrative Information

- Course Title: Economics of Contracts and Organization
- Instructor: Akifumi Ishihara
  - Office Hour: TBA Wednesday pm 3:15-4:15 (*via* Zoom)
  - Email: `akishihara[at]iss[dot]u-tokyo[dot]ac[dot]jp`
- Day and Time: A1 term, Wednesday 10:25-12:10, 13:00-14:45
- Venue: Economics Research Bldg 203 and online *via* Zoom
  - The course Zoom URL is found in the online syllabus (UTAS: <https://utas.adm.u-tokyo.ac.jp/campusweb/campusportal.do>).
  - If you cannot access to UTAS yet hope to join the meeting, please notice the instructor *via* e-mail.
- Course Website:
  - `akishihara.github.io/teaching/C02021`
  - ITC-LMS: `itc-lms.ecc.u-tokyo.ac.jp/login`

## Course Description

This course discusses topics on contract theory, with emphasis on market interaction and organizational economics, at a graduate level. The aim is to provide a basic ground of theoretical frameworks of contract theory, industrial organization, and organizational economics to stimulate participants research activities in these fields.

The course is mainly for the second year graduate students or above. Nevertheless, other students/(post-doctoral) scholars that are interested in this course are also welcome as long as they satisfy the prerequisite described below.

## Course Outline

The course is going to be based on a series of lectures. (The following schedule is subject to change.)

1. Introduction: Forms of Organization and Industrial Structure

2. Bargaining and Property Rights
3. Multi-Party Contracting
4. Boundaries of the Firm in Markets
5. Managerial Contracts in Markets
6. Multi-sided Markets
7. Vertically Related Markets

Although the topics to be discussed are mainly theoretical, we will also be careful about the relationships with empirical works.

## Prerequisite

Students must have knowledge of (ideally advanced, at least intermediate) microeconomics and mathematics: especially, game theory and economics of information and contract.

## Grade

The grade will be based on two essays, assigning mock referee reports on scholarly papers and research proposals.

## Textbook

The lecture note will be distributed. The note is mainly based on the following materials and original scholarly articles cited therein. (The reading list of scholarly articles will be distributed.)

- Aghion, P., Dewatripont, M., Legros, P., and Zingales, L. (2016): *The Impact of Incomplete Contracts on Economics*, Oxford University Press.
  - (Part 6) Incomplete Contracts and Industrial Organization
  - (Part 7) Incomplete Contracts and International Trade
- Corchón, L. C. and Marini, M. A., “Handbook of Game Theory and Industrial Organization”, Volume II, Edward Elgar Publishing.
  - (Ch.10) Kopel, M. and Pezzino, M. “Strategic Delegation in Oligopoly.”
  - (Ch.11) Belleflamme, P. and Peitz, M. “Platforms and Network Effects.”
- Gibbons, R. and Roberts, J. (2013): *Handbook of Organizational Economics*, Princeton University Press.
  - (Ch.3) Segal, I. and Whinston, M. D., “Property Rights.”
  - (Ch.21) Bresnahan, T. and Levin, J., “Vertical Integration and Market Structure.”
- Jullien, B., Pavan, A. and Rysman, M. (2021) “Two-sided Markets, Pricing, and Network Effects,” available at <https://www.tse-fr.eu/publications/two-sided-markets-pricing-and-network-effects>.

- Lambertini, L. (2017): *An Economic Theory of Managerial Firms: Strategic Delegation in Oligopoly*, Routledge.
- Martimort, D. (2006): “Multi-contracting mechanism design,” in *Advances in Economics and Econometrics: Theory and Applications, Ninth World Congress*, Volume I, ed. by R. Blundell, W. K. Newey, and T. Persson, pp. 57–101. Cambridge University Press.

## Miscellaneous

- The lecture will be in English (subject to change conditional on the participants).
- Students without registration or outside of U of Tokyo are also welcome (provided that they are enthusiastic about the topics in the course and satisfy the prerequisite). Whether you register this course or not, please notice the instructor *via* e-mail if you intend to participate this course (just for the instructor’s understanding of the participants’ background).
- The course material and important information are distributed *via* ITC-LMS. If you are not a student of University of Tokyo, please notice the instructor.

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