Main references: We will follow Tirole (T) and Carlton and Perloff (CP).


Assignments and Grading:
- 3 Problem sets 50%
  - Problem set 1 - due lecture 5, March 31st.
  - Problem set 2 – due lecture 10, April 13th.
  - Problem set 3 – due lecture 15, May 5th
- Classroom participation 10% (prepared readings, contribution to paper discussions)
- Referee report on empirical papers / past second year papers 10%
  Links to articles and empirical projects are available on the class webpage: http://socrates.berkeley.edu/~villas/mat_are202.html
- Final Exam 30% - date to be determined.

Course Weekly Description – Tentative:

Lecture 1. Thursday March 10th
  Monopoly and Provision of Quality (T, ch 2).

Lecture 2. Friday March 11th
  Asymmetric Information models of product quality (T, ch 2)
  - The moral hazard, the Adverse Selection problem
  - Information Revelation

Lecture 3. Tuesday March 15th
  Asymmetric info. (cont.)

Thursday March 17th—Midterm, no lecture

Empirical paper session 1: Friday March 18th.
  Referee Report guidelines.
  Empirical project question formulation, preliminary results.
  Division of referee reports and presentations among students.
Outubt – 2nd half

Spring break March 21-25th

Lecture 4. Tuesday, March 29th
Imperfect Information and Search models
• Search costs, Diamond (1971)
• Imperfect Information: Informed/uninformed consumers

Lecture 5. Thursday, March 31st
problem set 1 due.
Imperfect Information (cont.)

Empirical paper session 2. Friday April 1st

Lecture 6, Tuesday April 5th
Imperfect Information (cont.)

Lecture 7, Thursday April 7th
Dynamic Price Competition and Tacit Collusion (T ch 6)
• Green and Porter (1984), Porter (1983)

Empirical paper session 3. Friday April 8th

Lecture 8, Tuesday April 12th
Dynamic Price Competition and Tacit Collusion (cont.)

Lecture 9, Thursday April 14th
Strategic behavior (T ch 8)
• Entry Accommodation, Exit
• Commitment

Empirical paper session 4. Friday April 15th
Lecture 10. Tuesday, April 19th. problem set 2 due.
Strategic behavior (cont.)

Lecture 11. Thursday, April 21
Vertical Integration and Vertical contracts (T ch 4, CP ch 12)

Lecture 12. Friday, April 22
Vertical Integration and Vertical contracts (cont.)

Lecture 13. Tuesday, April 26th
Theory of the Firm (T ch 2, CP ch 2)
- Vertical Boundaries of the firm/Theory of the firm
- Transaction costs, Incomplete Contracting

Empirical paper session 5. Thursday April 28th

Lecture 14. Friday, April 29th
Introduction to Auctions

Lecture 15. Tuesday May 3rd. problem set 3 due.
Auctions (cont.)

Lecture 16, Thursday May 5th
Auctions (cont.) Porter and Zona (1993)

Empirical paper session 6. Friday May 6th

Empirical paper session 7. Tuesday May 10th