

School of Economics and Finance

Econ339 Information Economics

Trimester One 2011

COURSE OUTLINE

Names and Contact Details

Lecturer and Coordinator

Jack Robles
Room RH 317
Office Hours: M & Th 12:30-1:30
Tel: (04) 463-7492
Mail Box: Mezzanine Floor, RH, **Box # 72**
Email: jack.robles@vuw.ac.nz

Lecturer

Yigit Saglam
Room RH 312
Office Hours: Monday, Thursday 12:30-1:30
Tel:(04)463-9989
Mail Box: Mezzanine Floor, RH, **Box # 29**
Email: yigit.saglam@vuw.ac.nz

Class Times and Room Numbers

Lecture Times and Location

Monday & Thursday: 2:40pm - 3.30pm in RWW 413

Tutorial Dates

There are tutorials every week except for weeks 1,2,6, and 8. These are the weeks starting: February 28, March 7, April 4, and May 2.

Assessment Requirements

The assessment for the course consists of two assignments, a test, and a final examination.

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|---------------------|-----|--|
| Assignment 1 | 10% | Thursday, April 14 th |
| Assignment 2 | 10% | Thursday, June 2 nd |
| Test (1 hour) | 30% | 6:30 PM Wednesday the 4 th of May (RH LT 2) |
| Final Exam (2 hour) | 50% | Date TBA |

Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of FCA programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

Mandatory Course Requirements There are no mandatory course requirements.

Penalties

Assignments are to be placed in the relevant Mezzanine Floor mail box by 5PM of the due date.

Assignments will not be accepted more than 1 week late, and will have 5% deducted per day (rounded up) late. Late assignments must be dated by an SEF staff member.

Course Content

1. Efficient contracting and Bargaining
2. Contractual implementation
3. Incomplete contracts
4. Asymmetric Information and Adverse Selection
5. Risk Sharing and Moral Hazard
6. Screening
7. Cheap talk (time allowing)
8. Auction Formats
9. Information Structures and Bidder Preferences
10. Purposeful Bidding, Game Equilibrium, and Reserve Price
11. Expected Revenues and Optimal Auctions
12. Multi-Unit Auctions
13. Spectrum Auctions (Australia and the United States)

Readings

There is no assigned text.

Watson, "Strategy; An Introduction to Game Theory"

Krishna, "Auction Theory".

Are good references text for the the course.

Communication of Additional Information

Additional information will be announced either in lecture or on blackboard.

Trimester Dates

Teaching Period: Monday 28 February – Friday 3rd June

Study Period: Monday 6 June – Thursday 9 June

Examination Period: Friday 10 June – Saturday 2 July (inclusive)

Withdrawal from Course

Your fees will be refunded if you withdraw from this course on or before 11 March 2011.

The standard last date for withdrawal from this course is 14 May. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an '*Application for Associate Dean's Permission to Withdraw Late*' including supporting documentation

The application form is available from either of the Faculty's Student Customer Service Desks.

Course Learning Objectives

By the end of this course, students should be able to:

1. apply microeconomic theory at an advanced undergraduate level
2. reason through the incentives provided by stylised contractual, legal and regulatory settings
3. structure simple informal questions about incentive design as formal optimisation or game-theoretic problems
4. explain the implications of moral hazard, adverse selection and departures from full rationality for the design of contracts and incentive schemes
5. describe and evaluate the consequences of different types of auction.

Course Delivery

is via lectures and tutorials.

Expected Workload

This is a 15 point course which implies a workload = 150 hours. Hours expected per week = 19 (over 13 weeks), or 20 (over 12 weeks). This is a guide only and individual students should not feel constrained by it.

Examinations

Students who enrol in courses with examinations are obliged to attend an examination at the University at any time during the formal examination period. The final examination for this course will be scheduled at some time during the period from Friday 10 June – Saturday 2 July 2011.

Class Representative

A class representative will be elected in the first class, and that person's name and contact details made available to VUWSA, the Course Coordinator and the class. The class representative provides a communication channel to liaise with the Course Coordinator on behalf of students.

For the following important information follow the links provided:

Academic Integrity and Plagiarism

<http://www.victoria.ac.nz/home/study/plagiarism.aspx>

General University Policies and Statutes

[Find key dates, explanations of grades and other useful information at www.victoria.ac.nz/home/study](http://www.victoria.ac.nz/home/study)

[Find out about academic progress and restricted enrolment at http://www.victoria.ac.nz/home/study/academic-progress.aspx](http://www.victoria.ac.nz/home/study/academic-progress.aspx)

[The University's statutes and policies are available at www.victoria.ac.nz/home/about/policy](http://www.victoria.ac.nz/home/about/policy), except qualification statutes, which are available via the Calendar webpage at <http://www.victoria.ac.nz/home/study/calendar.aspx> (See Section C).

[Further information about the University's academic processes can be found on the website of the Assistant Vice-Chancellor \(Academic\) at www.victoria.ac.nz/home/about_victoria/avcacademic/default.aspx](http://www.victoria.ac.nz/home/about_victoria/avcacademic/default.aspx)

AVC (Academic) Website: information including: Conduct, Academic Grievances, Students with Impairments, Student Support

http://www.victoria.ac.nz/home/about_victoria/avcacademic/Publications.aspx

Faculty of Commerce and Administration Offices

<http://www.victoria.ac.nz/fca/studenthelp/>

Manaaki Pihipihinga Programme

http://www.victoria.ac.nz/st_services/mentoring/