MICROECONOMICS II

Problem set second part of the course (Asymmetric Information (AI) and Mechanism Design (MD))

AI)

Besides the problems assigned in class try to do the following exercises from the Bolton-Dewatripont (Contract Theory) textbook (MIT Press, 2005)

Questions

1-2 (pag 647), 3 (pag 648) 12 (pag 653)

Moreover,

1. find first and second best contract in the buyer-seller model seen in class when $v\left(q\right)=q^{a}$, with $0<a<1$ and $v\left(q\right)=q. $
2. find first and second best contract in the principal-agent model seen in class when $U\left(w\right)=w$, and $V\left(q-w\right)=q-w$

MD)

Do problems 23.B.1 (pag 918) and 23.C.8 (pag 919) of the textbook Mas Colell, Whinston and Green (Microeconomic Theory) Oxford University Press 1995