

**ECON 7050: Advanced Economic Theory**

**Fall 2017-3(260)31JFET3 201**

Weyl, E. Glen and Michal Fabinger. "Pass-Through as an Economic Tool" JPE, 121 (2013): 528-583.

Chen, Y. and M. Schwartz. "Differential Pricing when Costs Differ: A Welfare Analysis", RAND, 2015

**Topic 3 Adverse Selection, Signaling, and Screening**

Readings: Ch. 13

Problem Set 3: 13.B.2, 13.B.4, 13.C.1, 13.C.5.

**Starting the Modeling Exercise:** Develop a simple model to describe and analyze a microeconomic problem. I will discuss the requirements in class.

**Exam 1.** Tuesday, October 3

**Topic 4 The Principal-Agent Problem**

Readings: Ch. 14

Problem Set 4: 14.B.4, 14.C.3, 14.C.7, 14.C.8.

**Topic 5 Theory of the Firm**

Readings:

Coase, R., "The Nature of the Firm," *Economica* (1937), 386-405.

Williamson, O.E., *The Economic Institutions of Capitalism*, 1985, New York: Free Press.

Grossman, S. and O. Hart, "The Costs and Benefits of Ownership", JPE (1986), 691-719.

Hart, O., "Th&



Stahl, Dale O. 1989. "Oligopolistic Pricing with Sequential Consumer Search." AER, 700-712.

Varian, Hal. 1980. "A Model of Sales." American Economic Review, 70, 651-659

Wolinsky, A. 1986. "True Monopolistic Competition as a Result of Imperfect Competition," QJE, 101: 493-511.

Zhou, J. 2014. "Multiproduct Search and the Joint Search Effect", AER.

Chen, Y. and T. Zhang, 2017. "Intermediaries and Consumer Search," International Journal of Industrial Organization.

#### Additional Readings:

Armstrong, M. and Y. Chen, "Inattentive Consumers and Product Quality," Journal of the European Economic Association, (2009), pp. 411-422.

Armstrong, M, Vickers, J, and Zhou, J., "Prominence and Consumer Search", RAND, 2009.

Athey, S. and G. Ellison, 2011, "Position Auctions with Consumer Search", QJE, 126, 1213-1270.

Bagwell, K. and G. Ramey, "Coordination Economies, Advertising, and Search Behavior in Retail Markets", AER (1994), 498-517.

Chen, Y. and R. Rosenthal, "On the Use of Ceiling-price Commitments by Monopolists", RAND (1996), 207-220.

Chen, Y. and C. He, 2011. "Paid Placement: Advertising and Search on the Internet," Economic Journal, 121: F309-F328.

Chen, Y. and T. Zhang, "Equilibrium Price Dispersion with Heterogeneous Searchers," International Journal of Industrial Organization, 2011.

Chen, Y. and T. Zhang, "Entry and Welfare in Search Markets", working paper, 2014.

Reinganum, J., "A simple Model of Equilibrium Price Dispersion", JPE (1979), pp. 851-858.

Grossman and Shapiro, "Informative Advertising with differentiated products", RES, 1984, 63-81.

Baye, Michael and John Morgan. 2001. "Information Gatekeepers on the Internet and the Competitiveness of Homogeneous Product Markets." AER, 91, 454-474.

Baye, M.R. and J. Morgan. 2004. "Price Dispersion in the Lab and on the Internet: Theory and Evidence." RAND, 35(3), 449-466.

Burdett, Kenneth and Kenneth L. Judd. 1983. "Equilibrium Price Dispersion." Econometrica, 51, 955-969.

#### **Modeling Exercise: Due Sunday, December 17.**

Reading: Varian, H. "How to Build an Economic Model in Your Spare Time", 1994, updated in 2009.

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