

ECON 681 - Economics of Regulated Industries Spring 2010

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Administrative details

Date and Location of class: Wednesday 2:00pm-4:50pm, KAP 309.

Web: Information is posted on the web at <http://www-rcf.usc.edu/~brocas>. The Web is your source of information for all details concerning the organization of the course.

Contact: It is recommended you check the web regularly for general questions. For specific or personal questions, contact me by e-mail (brocas@usc.edu).

Office hours: by appointment, KAP 314.

Disability : Students requesting academic accommodations based on a disability are required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP when adequate documentation is filed. Please be sure the letter is delivered to me as early in the semester as possible. DSP is open Monday-Friday, 8:30-5:00. The office is located at Student Union 301 (Ph.: (213) 740-0776).

Attendance: in case you cannot attend a class, it is your responsibility to check the information that is posted on the web, and arrange with other students in your class to get class notes.

Prerequisites: ECON 503 is required.

Grading policy: Absolute grading will be used. The final grade is a weighted average of the following components:

- In-class presentations: 30%
- Participation: 20%
- Term paper: 50%

In-class presentations: students will be required to present selected research articles all along the semester.

Participation: Each student's participation will be evaluated with respect to the contribution that student makes towards the entire class' learning experience; in other words, quality of contribution matters more than frequency of speech. All students are required to read all the articles presented in class.

Term paper: Each student is required to write a term paper on a selected topic. The list of topics will be announced at the beginning of the semester. A typical paper consists in a literature

review and a detailed research proposal. The leading article for the topic will be first presented and discussed in class.

Deadlines:

- In-class presentations: scheduled at the beginning of the semester.
- Term paper due: April 28, 2010

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Description of the course: Despite its title, this is a Contract Theory course. The field studies the design of contractual relationships. The purpose of the course is to review the main concepts, and to offer a deeper analysis of some selected topics.

Topics: we shall cover the following topics (subject to changes):

- Topic 1: What is a theory of contracts?
- Topic 2: Contracting under asymmetric information
- Topic 3: Contracting with hidden actions
- Topic 4: Dynamic contracting
- Topic 5: Multi-principals
- Topic 6: Communication in contracts
- Topic 7: Incomplete contracts

Recommended textbooks:

- *Contract Theory*, P. Bolton and M. Dewatripont, MIT Press (2005)
- *The Theory of Incentives: The Principal-Agent Model*, J.J. Laffont and D. Martimort, Princeton Univ Press (2002).
- *Microeconomic Theory*, A. Mas-Colell, M. Whinston and J. Green, Oxford University Press (1995).