

## Economics 200D: Decisions

### Syllabus and Reading List

This course covers topics in Decision Theory, the Theory of Teams, and Mechanism Design

#### 1 Topics in Decision Theory

##### 1.1 von Neumann - Morgenstern Expected Utility (Review)

Mas-Colell, Whinston, and Green, Chapter 6

##### 1.2 Subjective Probability and Savage Theory

Kreps, *A Course in Microeconomic Theory* Chapter 3

Kreps, *Notes on the Theory of Choice* Chapters 4, 7, 8, 9, & 14

Savage, *The Foundations of Statistics* Chapters 1 - 5

Machina, "Choice under Uncertainty: Problems Solved and Unsolved", *Journal of Economic Perspectives*, (1987) vol.1, pgs 121 - 54

##### 1.3 Additive Decomposition of Utility, Intertemporal Preferences, and the Social Rate of Time Preference

McGuire and Radner (eds) *Decision and Organization* Chapters 3 & 4

Koopmans, "Stationary Ordinal Utility and Impatience," *Econometrica*, (1960) vol.28, pgs. 287 - 309

Heal, *Valuing the Future*, Chapters 1, 3, & 5

Arrow, Cline, Maler, Munasinghe, Squitieri, & Stiglitz, "Intertemporal Equity, Discounting, and Economic Efficiency" in *Climate Change 1995: Economic and Social Dimensions of Climate Change*, pgs. 125 - 144

#### 2 Organizations

##### 2.1 Theory of Teams

Marschak and Radner, *The Theory of Teams* Chapters 4, 5, & 6

McGuire and Radner (eds) *Decision and Organization* Chapters 9 & 10

Groves and Hart, "Efficiency of Resource Allocation by Uninformed Demand" *Econometrica* (1982) vol 50, pgs. 1453 - 1482



## 2.2 Incentives and Mechanism Design

Laffont, **Fundamentals of Public Economics**, Chapter 5

Hurwicz, "On Informationally Decentralized Systems," in McGuire and Radner (eds) **Decision and Organization** Chapter 14

Groves, "Incentives in Teams," **Econometrica** (1973) vol. 41, pgs. 617 - 631

d'Aspremont and Gerard-Varet, "Incentives and Incomplete Information" **Journal of Public Economics**, (1979) vol. 11, pgs. 25 - 45

Maskin, "Nash Equilibrium and Welfare Optimality," **Review of Economic Studies** (1999) vol. 66, pgs. 23 - 38

Myerson, "Optimal Coordination Mechanisms in Generalized Principal-Agent Problems," **Journal of Mathematical Economics** (1982) vol. 10, pgs. 67 - 81

**Review of Economic Studies** "Special Issue: Contracts" (January 1999) vol. 66(1)

**Journal of Mathematical Economics** "Special Issue on Implementation" (June 1982) vol. 10