Faculty of Economics and Business Administration

COURSE UNIT (MODULE) DESCRIPTION

Course unit (module) title	Code
Information Economics	

Academic staff	Core academic unit(s)
Coordinator: Dr Robertas Zubrickas **Other(s):**	Faculty of Economics and Business Administration

Study cycle	Type of the course unit
First (Bachelor's)	Optional

Mode of delivery	Semester or period when it is delivered	Language of instruction
Face-to-face	Semester 5	English

Requisites	
Prerequisites: Economic Principles I Economic Theory I Mathematical Methods	**Co-requisites (if relevant):**

Number of ECTS credits allocated	Student's workload (total)	Contact hours	Individual work
5	130	36	94

Purpose of the course unit

This course is about the role of asymmetric information for economic outcomes. The first aim is to teach theoretical approaches applied to model asymmetric information in markets, agency problems, and strategic interaction situations like auctions. The second aim is to learn about the practical implications of asymmetric information for wider economy.

Learning outcomes of the course unit	Teaching methods	Assessment methods
Have acquired knowledge in economic concepts and ideas related to asymmetric information and are able to apply them when analyzing economic problems.	Lectures and lecture notes, seminars and problem sets, take-home exam feedback.	Two take-home exams (2 x 20%) Final exam (60%)
Appreciate assumptions and limitations of economic models when they are applied to the real-world problems.		
Competence in using economic methods and interpreting economic models. Ability to understand academic texts related to learnt material.		
Critically evaluate the practical implications of policy suggestions in the context of informational asymmetries.		

Content	Contact / Individual work: time and assignments								
	Lectures	Tutorials	Seminars	Workshops	Laboratory work	Internship	**Contact hours, total**	**Individual work**	**Tasks for individual work**
Competitive markets with asymmetric information • Adverse selection • Competitive screening • Signaling	8		4				12	34	Problem set, reading course literature
Agency theory and incentives • Debt contracts • Monopolistic screening • Moral hazard	8		4				12	30	Problem set, reading course literature
Auction theory • Bayesian games • Auction formats • Mechanism design	8		4				12	30	Problem set, reading course literature
Total	**24**		**12**				36	94	

Assessment strategy	Weight %	Deadline	Assessment criteria
Two take-home exams	40 (2 x 20)	Week 4 and 8 of the semester	Take-home exams will test students' ability to apply learnt theoretical techniques to solve problems on asymmetric information.
Final exam	60	End of semester	The final exam will test the material from the whole course.

Author (-s)	Publishing year	Title	Issue no. or volume	Publishing house or web link
Required reading				
Mas-Colell, A., Whinston, M.D. and Green, J.R.	1995	Microeconomic theory	Vol. 1	Oxford University Press
Laffont, J.J. and Martimort, D.	2002	The theory of incentives: The Principal-Agent Model	1st edition	Princeton university press
Haeringer, G.	2017	Market Design: Auctions and Matching	1st edition	MIT Press
Recommended reading				
The instructor might provide recommendations for additional reading during the course.				