

Contracts and Organizations: Syllabus

University of Tokyo

2024

Administrative Information

- Course Title: Economics of Contracts and Organizations.
- Instructor: Akifumi Ishihara.
 - Office Hour: appointment *via* email.
 - Email: `akishihara[at]iss[dot]u-tokyo[dot]ac[dot]jp`
- Day and Time: A1 term, Monday 1:00-2:45, 2:55-4:40 pm.
 - We have a meeting on 14th October and 11th November
 - We will have no meeting on 13th November, though Monday classes will be held on this day.
- Venue: International Academic Research Bldg (国際学術総合研究棟) 516.
- Course Website:
 - `akishihara.github.io/teaching/2024C0`
 - ITC-LMS: `itc-lms.ecc.u-tokyo.ac.jp/login`

Course Description

This course discusses topics on contract theory, with emphasis on organizations and market interaction, at a graduate level. The aim is to provide a basic ground of theoretical frameworks and to stimulate participants' research activities on contract theory, industrial organization, and organizational economics.

The course is mainly for second-year graduate students or above. Other students or post-doctoral scholars interested in this course are also welcome as long as they satisfy the prerequisite described below.

Course Outline

The course is going to be based on a series of lectures. (The following schedule is subject to change.)

1. Introduction: Organizational Form and Industrial Structure
2. Bargaining and Property Rights
3. Multi-Party Contracting
4. Strategic Delegation in Oligopoly
5. Incentive Problems with Competition
6. Organizational Industrial Organization

Although the topics to be discussed are mainly theoretical, we will also be careful about the relationships with empirical works.

Prerequisite

Students must have knowledge of (ideally advanced, at least intermediate) microeconomics and mathematics: especially, game theory, economics of information and contract, constrained optimization, and probability.

Grade

The grade will be based on two essays (mid-term and final), assigning *mock referee reports* on scholarly papers or *research proposals*.

Students are expected to take the exercises seriously.

Textbook

Lecture notes will be distributed. The note is mainly based on the following materials and original scholarly articles cited therein. (The reading list of scholarly articles will be distributed.)

- Aghion, P., Dewatripont, M., Legros, P., and Zingales, L. (2016): *The Impact of Incomplete Contracts on Economics*, Oxford University Press.
 - (Part 6) Incomplete Contracts and Industrial Organization.
 - (Part 7) Incomplete Contracts and International Trade.
- Gibbons, R. and Roberts, J. (2013): *Handbook of Organizational Economics*, Princeton University Press.
 - (Ch.3) Segal, I. and Whinston, M. D., “Property Rights.”

- (Ch.21) Bresnahan, T. and Levin, J., “Vertical Integration and Market Structure.”
- Kopel, M. and Pezzino, M. “Strategic Delegation in Oligopoly,” *Handbook of Game Theory and Industrial Organization*, Volume II, ed. by L. C. Corchón and M. A. Marini, pp. 248–285, Edward Elgar Publishing.
- Lambertini, L. (2017): *An Economic Theory of Managerial Firms: Strategic Delegation in Oligopoly*, Routledge.
- Martimort, D. (2006): “Multi-contracting Mechanism Design,” in *Advances in Economics and Econometrics: Theory and Applications, Ninth World Congress*, Volume I, ed. by R. Blundell, W. K. Newey, and T. Persson, pp. 57–101. Cambridge University Press.

Miscellaneous

- The lecture will be in English (subject to change to Japanese, conditional on the participants’ language fluency).
- Students without registration or outside of the University of Tokyo are also welcome (provided that they are enthusiastic about the topics in the course and satisfy the prerequisite). Please notify the instructor *via* e-mail if you intend to participate this course.
- Course materials and important information will be distributed *via* UTOL. Please notify the instructor if you cannot access UTOL.

Last updated: 24th September 2024