III. The Theory of Self-Selection in Competitive Markets


IV. Theory of Self-Selection in Non-Competitive Markets


V. Applications of the Basic Competitive Theory of Screening

(1) Education


M. Spence, Market Signalling, Harvard University Press.

(2) Economics of Discrimination

Reading List and Course Outline

Theory of Information


(3) Capital Markets


VI. Prices and Information: Prices as Screening Devices


B. Greenwald, Adverse Selection in Labor Markets.

VII. The Role of Prices in Conveying and Aggregating Information


VIII. Theory of Incentives


(1) Applications


-148-
VIII. Theory of Search and Equilibrium in Product Markets with Imperfect Information

A. Introduction


B. Imperfect Information and Imperfect Competition


C. Models of Price Dispersion


D. Advertising


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E. Effects of Improved Information


F. Repeat Purchases


G. Policy


H. Other Studies

M. Rothschild, "Searching for the Lowest Price when the Distribution of Prices is Unknown," JPE, August 1974.


X. Value of Information


XI. Further Topics

(1) Imperfect Information and the Efficient Management and
Organization of Firms
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(2) Schemes for Resource Allocation in Socialist Economies
M. Weltman, "Prices vs. Quantities," RES Stud. 41, 1977, pp. 477-
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F. Hayek, "The Use of Knowledge in Society," American Economic
Review, 35 (1945).

T. Groves and J. Ledyard, "Incentives and Public Goods: A

L. Hurwicz, "Optimality and Informational Efficiency in Resource
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(3) Information and Evolution
*S. S. Hinter, "Economic 'Natural Selection' and the Theory of the

(4) Revelation of Preferences and Bidding
W. Vickrey, "Counterspeculation, Auctions, and Competitive Sealed

E. Clarke, "Multipart Pricing of Public Goods," Public Choice

T.N. Tideman and G. Tullock, "A New and Superior Process for
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