

**Workshop on
Mechanism Design Theory and Microeconomics**

The workshop will be held on Fridays, December 11 & 18, during regular class time of the course **Theory of Mechanism Design** at MOKD. It will be devoted to student presentations of their own research in progress. Topics in mechanism design theory (broadly interpreted) will have the highest priority, but other topics in microeconomic theory, game theory or finance are welcome too. The atmosphere will be informal fostering constructive criticism and open discussion.

The workshop is open to doctoral students, recent doctoral graduates, and advanced undergraduate students, and is not restricted to those enrolled in the course.

- Persons who want to present in the workshop should contact Professor Jan Werner by email at jwerner@econ.umn.edu.

**Theory of Mechanism Design:
The Legacy of Leonid Hurwicz**

— “*Why should we take existing economic institutions for granted?*” —

This question once asked by Leonid Hurwicz lies at the foundation of the theory of mechanism design. Instead of focusing on existing institutions, the theorist study whether or not a mechanism can be designed to achieve socially desired outcomes or goals. Hurwicz received the Nobel Prize in Economics in 2007 and lived in Warsaw before the WWII.

The aim of this course is to introduce students to the theory of mechanism design, with emphasis on problems of efficient allocation of resources and the use of market-based mechanism. Mechanism design theory has many important applications in modern economics.

The following topics will be covered:

- I. Origins of Mechanism Design.
- II. Competitive Markets as a Mechanism.
- III. Informationally Decentralized Mechanisms.
- IV. Incentive Aspects of Mechanism Design
- V. Mechanism Design to Remedy Market Failures.
- VI. Implementation Theory.

Main References:

- Hurwicz L. and Reiter S. (2006), *Designing Economic Mechanisms*, Cambridge U. Press.
- Maskin, E. (1999), “Nash Equilibrium and Welfare Optimality.” *Review of Economic Studies* 66, 23–38.
- A.MasColell, M. Whinston and J. Green, *Microeconomic Theory*, Oxford University Press, (1995), Chapter 23.

Schedule: Mondays, Tuesdays, Thursdays, and Fridays. Time: To be announced.