

47-879 Information Economics and Accounting I
Carnegie Mellon University
Graduate School of Industrial Administration

Fall 2001, Mini 2

Class room: Posner 242

Class time: Mondays & Wednesdays, 10:30am – 12:20pm

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Course Objective

This course provides an introduction to an information content theme in accounting theory. This means we view accounting as a source of information. More broadly, this course focus on information questions with an economic orientation.

Information questions begin with the question of usage. Here an economic analysis almost always begins with expected utility representation and introduces information through probabilities. Preference representation is deep, subtle, and important, which we would spend some time on. Familiar with notions of ordinal utility, subjective probabilities and expected utility, we emphasize on two important uses of accounting information: valuation and stewardship uses and on their fundamental conflict. We ask accounting questions on how the informational aspects of accounting affect market or non-market interactions. Last, we preview the structural aspects of accounting and what's possible under this information content perspective.

Course Material

Textbook: Christensen, John, and Joel Demski, draft chapters from an upcoming accounting theory text.

Lecture notes distributed in class

Selected published and working papers

Course Requirements

Homework assignments are given as the course progresses.

Final Exam details to be announced

47-879 Accounting and Information Economics I
Fall 2001 Mini 2 Tentative Schedule

Dates	Topics	Readings	Homework
Wed 10/24	Appetizers and Previews	CD 1-2	2-7, 8, 9, 15
Mon 10/29	Economic and Accounting Foundations	CD 3-4	3-6, 7, 8; and 4-3, 6
Wed 10/31	Modeling Information	CD 5	5-3, 4, 8
Mon 11/5	Use of Information at the Individual Level	CD 6	6-7, 8, 10
Wed 11/7	Elements of informed decision-making under uncertainty	handout	TBA
Mon 11/12	[continued]	handout	TBA
Wed 11/14	[continued]	handout	TBA
Mon 11/19	Accounting as a source of information	CD 7	7-6, 8
Wed 11/21	Thanksgiving No classes		
Mon 11/26	Information in a Valuation Setting	CD 8	TBA
Wed 11/28	Accounting Information in a Valuation Setting	CD 9	TBA
Mon 12/3	Accounting and Non-Accounting Information in a Valuation Setting	CD 10	TBA
Wed 12/5	Information in a Managerial Contracting Setting	CD 11	TBA
Mon 12/10	Additional Information in a Managerial Contracting Setting	CD 12	TBA
Wed 12/12	Conflict among uses and previews of what's to come	CD 13	TBA
TBA	Final exam		