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Strong duality of the principal-agent problem with bilinear preferences and its application to characterize the solutions

The principal-agent problem is one of the central problems in microeconomics. Rochet and Choné (1998) reduced the multi-dimensional principal-agent problem with bilinear preferences to a concave maximization over the set of convex functions. We introduce a new duality and use it to characterize solutions to this problem. This is joint work with Robert J. McCann.