



**STUDY CENTER
GERZENSEE**

**ADVANCED COURSES IN
ECONOMICS FOR DOCTORAL
STUDENTS AND FACULTY
MEMBERS 2010**

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Advanced Courses in Economics for Doctoral Students and Faculty Members 2010

Another sequence of Advanced Courses in Economics will be offered at the Study Center Gerzensee.

Program

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| 02.08. – 06.08. | Recent Developments in Mechanism Design | Prof. Stephen Morris |
| 09.08. – 13.08. | New Dynamic Public Finance | Prof. Iván Werning |
| 16.08. – 20.08. | Behavioral Finance | Prof. Harrison Hong |
| 23.08. – 27.08. | Program Evaluation Methods | Prof. Guido Imbens |

The courses include formal lectures of 3 hours per day, starting at 10.30h on Monday and finishing at 12.00h on Friday. The remaining time is available for reading, discussions and group work. The teaching is in English.

Participation

The courses are primarily designed for students preparing their thesis. However, faculty members as well as other interested individuals are also invited to apply. A maximum of 30 - 35 participants is admitted to each course. It is possible to apply for several courses. Some preparatory readings before the course may be required.

About the Study Center Gerzensee

The Study Center Gerzensee, a foundation of the Swiss National Bank, opened its doors in 1986. It is an international training center for central bankers and economists located in an old manor in the heart of Switzerland. High-ranking members of the Swiss National Bank, the Swiss Government, as well as the Swiss economic community constitute the Center's Foundation Council and Advisory Committee for Education and Training.

For more than a decade, the Study Center Gerzensee has offered doctoral courses in economics. The *Swiss Program for Beginning Doctoral Students in Economics* offers training in microeconomics, macroeconomics and econometrics. The material covered corresponds to the curriculum of the core courses in a top U.S.-style PhD-program. The *Advanced Courses in Economics for Doctoral Students and Faculty Members* as well as the *Law and Economics Courses for Doctoral Students and Faculty Members* offer advanced training in subfields of economics and law and economics, respectively. All doctoral courses are taught by distinguished international academics from leading universities. For further information on the doctoral courses and the other activities of the Study Center, please consult www.szgerzensee.ch.

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RECENT DEVELOPMENTS IN MECHANISM DESIGN

Course Description

The course will provide a brief introduction to the foundations of mechanism design. Topics of recent research will be reviewed. Among these will be: (1) robust mechanism design, identifying mechanisms that rely on fewer assumptions about the designer's beliefs and knowledge and the beliefs and higher order beliefs of the agents; (2) dynamic mechanism design, extending classic result to dynamic environments; (3) work on the boundaries of economics and computer science looking at belief-free mechanisms and examining computation constraints.

Professor Stephen Morris is the Alexander Stewart 1886 Professor of Economics at Princeton University. A native of the United Kingdom, his undergraduate degree is from the University of Cambridge in 1985 and his Ph.D. is from Yale University in 1991. He previously taught at the University of Pennsylvania and Yale University. His research has focused on foundational game theory and applications to finance, macroeconomics and international finance. He is a fellow of the Econometric Society and the American Academy of Arts and Sciences and current serves as editor of *Econometrica*.

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NEW DYNAMIC PUBLIC FINANCE

Course Description

This course covers recent advances in public finance, with special focus on the theory of optimal taxation and social insurance. Among the topics we will consider are: (1) optimal tax and debt finance when the economy experiences aggregate fluctuations; (2) non-linear taxation of labor income using a Pareto efficient perspective; (3) theories of capital and inheritance taxation, covering both implicit wedges and explicit tax implementations; (4) political economy considerations, mixing the normative with the positive; (5) social insurance and inequality, especially the optimal design of unemployment insurance.

Professor Iván Werning is Professor of Economics at the Massachusetts Institute of Technology and is also a research associate at NBER. He obtained his M.A. in Economics, at the Universidad Torcuato di Tella in Argentina. He received his Ph.D. at the University of Chicago. His research interests include Macroeconomics, Public Economics, Applications of Dynamic Contracts, Optimal Taxation, Monetary Policy, Unemployment Insurance Design.

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BEHAVIORAL FINANCE

Course Description

This course covers recent advances in the field of behavioral finance, with particular attention to the economics of speculative bubbles and financial crises. Part I analyzes the effects of increasing I.Q. in financial markets on asset prices and the potentially destabilizing influence of sophisticated arbitrageurs. Part II focuses on the consequences of classic agency conflicts such as short-termism and career concerns for risk-taking and their roles in the recent banking crisis. Part III presents a model based on disagreement (or divergence of opinion) among investors and short-sales constraints that can account for key stylized facts related to trading volume and asset price bubble dynamics. Part IV then extends this model to allow for a collateral lending market and considers the impact of leverage on asset price dynamics, especially in the context of housing. Part V examines the role of social influences in magnifying bubbles and crises. Finally, Part VI describes how asset price bubbles affect corporate policies and distort real investment and consumption.

Professor Harrison Hong is the John Scully '66 Professor of Economics and Finance at Princeton University, where he teaches courses in finance in the undergraduate, master and Ph.D. programs. Before joining Princeton in 2002, he was on the faculty of the Graduate School of Business at Stanford University. He received his B.A. in economics and statistics with highest distinction from the University of California at Berkeley in 1992 and his Ph.D. in economics from M.I.T. in 1997. His research has covered such topics as: behavioral finance and stock market efficiency; asset pricing and trading under market imperfections; incentives and biases in decision making; organizational form and performance; and social interaction and markets. He is on the editorial boards of the *Journal of Finance* and the *Journal of Financial Intermediation*. He is a Director of the American Finance Association and a research associate at the National Bureau of Economic Research. In 2009, he was awarded the American Finance Association's Fischer Black Prize, given biennially to the person under 40 who has contributed the most to the theory and practice of finance.

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PROGRAM EVALUATION METHODS

Course Description

The course will discuss methods for causal inference. We will start with the potential outcome perspective where causal effects are viewed as comparisons of outcomes under different regimes or treatments. First we discuss methods for analyzing randomized experiments, including Fishers method for calculating exact p-values and Neyman's repeated sampling perspective. Then we analyze observational studies under unconfoundedness.

We discuss matching methods and the role of the propensity score. Next we discuss observational studies with irregular assignment mechanisms, including instrumental variables, difference in differences methods, and regression discontinuity designs. The class will closely follow the manuscript by Imbens and Rubin, "causal inference in the social sciences."

Professor Guido Imbens is professor of economics at Harvard University and Research Associate at the National Bureau of Economic Research. He received his PhD in Economics from Brown University in 1991. In addition to Harvard he has been on the faculty at UCLA and the University of California at Berkeley. He has also taught short courses for the American Economic Association, the Canadian Economic Association, the National Bureau of Economic Research, and many universities in the US and abroad.

Imbens teaches graduate and undergraduate courses in econometrics. His research interests focus on methods for causal inference, including matching methods, instrumental variables, difference in differences methods and regression discontinuity designs.

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Administrative Information

Course participants are hosted by the Study Center Gerzensee in single or (sometimes) double rooms. Participants may not be accompanied. Participation is heavily subsidized. The participation fee for each course is CHF 300.00 for students and faculty members affiliated with Swiss universities and CHF 1'300.00 for other participants. The fee is non-refundable. It covers room and full board at the Study Center Gerzensee (for information about the hotel facilities and restaurant services, see www.seminarhotelgerzensee.ch) as well as teaching material (except books). Travel costs are not reimbursed.

Candidates at Swiss universities should fill in the enclosed form and mail it until **April 19, 2010**, to the representative of their institution on the organizing committee. These representatives are:

Institution

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|--------------------------|---------------------------|
| University of Basel | Prof. Peter Kugler |
| University of Berne | Prof. Harris Dellas |
| University of Fribourg | Prof. Thierry Madiès |
| University of Geneva | Prof. Jaime de Melo |
| University of Lausanne | Prof. Jean Imbs |
| EPFL Lausanne | Prof. Philippe Thalmann |
| University of Neuchâtel | Prof. Milad Zarin-Nejadan |
| The Graduate Institute | Prof. Cédric Tille |
| University of St. Gallen | Prof. Monika Büttler |
| University of Zurich | Prof. Christian Ewerhart |
| ETH Zurich | Prof. Lucas Bretschger |
| University of Lugano | Prof. Eric Nowak |
| Swiss National Bank | Dr. Michel Peytrignet |

Other interested individuals should send their application by the same due date directly to Teodora Ruiz, Study Center Gerzensee, P.O. Box 21, CH- 3115 Gerzensee. The organizing committee selects the participants. Candidates will be notified in **May 2010**.