

CERGE-EI

**Charles University in Prague
Center for Economic Research and Graduate Education
and
the Economic Institute of the Academy of Sciences of the Czech Republic**



**Course Book for the Academic Year 2013-2014
Spring Semester**

MA/PhD Study Affairs Office

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I. THE STRUCTURE OF PH.D. STUDIES IN ECONOMICS AT CERGE

The Center for Economic Research and Graduate Education (CERGE) is a research and educational institute of Charles University. In close cooperation with the Economics Institute (EI) of the Academy of Sciences of the Czech Republic, CERGE offers a Ph.D. program in Economics, accredited by the Ministry of Education, Youth and Sport of the Czech Republic, to students from the Czech Republic and other Central and Eastern European (CEE) and former Soviet Union countries. Economic research is an integral part of CERGE activities.

A. Contents and Organization of Graduate Study at CERGE

The basic mission of CERGE is to perform graduate studies in Economics and to train future university faculty and researchers and public administration representatives. The main idea of establishing the doctoral program curriculum is to transfer the modern Western system of Ph.D. study in Economics, as it is applied in the United States and some Western European countries, to the local environment and incorporate it into the structure of Czech university education within Charles University. The program offers economic education at a level comparable with world standards directly at Charles University, without the necessity of more expensive study abroad. Besides this fact, the best students may be offered the opportunity to visit (for up to one academic year) an appropriate university in the United States or Western Europe. This experience may enlarge their scope of knowledge significantly.

During the first two years of study courses are taught by the local and visiting faculty. Studies are conducted entirely in English. The duration of the doctoral study is four years. The first two years offer primarily systematic knowledge of theory; for the latter two years the students work on their dissertation. The transfer from study to independent research work is gradual and begins during the second year of study.

Further details on the program can be found in the handbook for graduate students.

B. Core Study – The First Two Years

In the first year of study the students follow a common curriculum designed to provide a strong foundation in Microeconomic Theory, Macroeconomic Theory, Statistics and Econometrics, and Academic Writing. This curriculum is standard for the PhD study in Economics. The study is divided into three semesters: the fall semester (FS), the spring semester (SS), and the summer semester (SuS). In view of the fact that many newly recruited students do not have an extensive background in modern Economics equivalent to "western" standards, and also that their knowledge of Mathematics and English are frequently at different levels, a preparatory semester is organized for potential students. It allows CERGE to provide the students with some basic tools as an introduction to the program and to achieve a standard level of competence.

The second year of formal study at CERGE provides students with the opportunity to investigate more specific fields of interest. Several courses (usually five) are offered each of the two semesters, and the second year students must enroll for a minimum of three, plus a course in English. The students participate in a seminar series and are now expected to begin their own research.

Having completed both the first and second years, students must pass a General (comprehensive) examination. After the first year, the students must pass Microeconomic Theory, Macroeconomic Theory, and Econometrics; after the second year they must show proficiency in at least two specialized fields by passing General (field) exams in their chosen areas of interest.

During the first two years of study the students do not have a special supervisor; rather, they rely on the advice of the Deputy Director of Graduate Studies, who is also one of the CERGE faculty members. The program and organization of graduate study is regulated by a CERGE's Graduate Council (GC).

C. Specialized Study – Third and Fourth Years

During the spring semester of the second year and the fall semester of the third year, the students have to choose the topic of their dissertations. A tentative chair as a supervisor is then assigned. By the middle of the third year (at the latest), they formulate a thesis proposal and public defense is required together with state doctoral examination. For students who passed all General examinations with distinction, the main importance will be placed on the defense of the thesis proposal. Those with less than distinctive examination results can also expect additional detailed questions from respective fields. After having successfully defended the proposal, a three-member dissertation committee is appointed which guides and supervises the study and research work.

At least one member of the dissertation committee has to be an employee of CERGE or EI, and at least one of the members has to be a professor from some other university. Under the guidance of this committee the student works on his or her dissertation. In the fourth year the students present their third year work at the Dissertation workshop and prepare for the defense of the dissertation. The study is concluded by the public defense of the doctoral dissertation.

D. Study Program

Here we present the courses designed for the preparatory semester, the first, second and third year of study. (One lecture/exercise unit is 45 minutes long.)

Preparatory semester

Subject	(Lecture hours / exercise hours)
Macroeconomics 0	4/2, Exam
Microeconomics 0	4/2, Exam
Mathematics	4/2, Exam

Notes: Upon completion of the preparatory semester, the final selection of students is made to enter the doctoral program in the fall, based on final exam results.

First year

Subject	Fall	Spring	Summer
Microeconomics I, II, III	4/2, Exam	4/2, Exam	4/2, Exam
Macroeconomics I, II, III	4/2, Exam	4/2, Exam	4/2, Exam
Statistics / Econometrics	4/2, Exam	4/2, Exam	4/2, Exam
Academic Writing I	---	4/0 Credit	---

Notes:

After completing the first year, each student must pass the General examination in the fields of Microeconomics, Macroeconomics and Econometrics.

Second Year

Subject	Fall	Spring	Summer
Econometrics III, IV	4/2, Exam	4/2, Exam	---
Industrial Organization I, II	4/2, Exam	4/2, Exam	---
Financial Markets I, II, III	4/2, Exam 4/2, Exam	4/2, Exam	---
Empirical Methods	4/2, Exam	---	---
Experimental Economics	---	4/2, Exam	---
International Trade	4/2, Exam	---	---
Labor Economics	---	4/2, Exam	---
Macro Topics I, II	4/2, Exam	4/2, Exam	---
Academic Writing II	4/0, Credit	---	---
Research Method Seminar	Mandatory	Mandatory	Mandatory
Combined Skills I	---	4/0, Credit	---
Research Seminars	0/2, Credit	0/2, Credit	---
Directed Research	---	---	0/2, Credit
Combined Skills II – M.A.	---	---	0/2, Credit

Notes:

* Second-year students choose at least three (exam-ended) courses per semester. The courses cannot be from the same field. Courses offered may differ slightly from year to year, depending on the faculty in residence.

* The credits for English courses, the Research Seminars and Directed Research are mandatory.

* The credit for Research Method Seminar will be awarded based on individual consultations with the instructors and based on individual written work.

* After completing the second year each student must pass General exam in two fields. Upon agreement of CERGE, a student may complete part of his/her study at another university - this is valid not only for individual courses, but also for a whole study year.

* Topic courses are one semester courses not forming two semester sequence and do not cover comprehensively all material needed for Field General Exam.

* Combined Skills II – M.A. is for M.A. students only, a paper or report appropriate for the MA-degree writing requirement.

Third year

Subject	Fall	Spring	Summer
Combined Skills II – Ph.D.	Credit	---	---

Notes:

Normally, students must pass the 2-year MA program first as a pre-requisite for registering in CSII-Ph.D.

II. SYLLABI OF THE SPRING SEMESTER COURSES

A. First year courses

MICROECONOMICS II

Lecturers:

Peter Katuščák

(Peter.Katuscak@cerge-ei.cz; office 323, phone 188)

Teaching assistants:

Lei Ba

(Lei.Ba@cerge-ei.cz)

Jan Šípek

(Jan.Sipek@cerge-ei.cz)

Office hours:

TBA

Class website:

http://home.cerge-ei.cz/Peter/Teaching/Micro2/teaching_micro2.html

Course objectives

This is the second course in the basic Micro sequence. It builds on the material covered in Micro I.

The first part of the course will cover the theory of General Equilibrium. We will describe the model of equilibrium under certainty, discuss welfare properties of equilibria, characterization of efficient allocations and give examples of inefficiency (externalities, public goods, taxes). We will then reinterpret the commodity space, which will allow us to analyze general equilibrium under uncertainty.

The second part of the course will cover fundamentals of Game Theory. We will start by defining a game, consider what predictions we can obtain when assuming only individual rationality (dominance and rationalizability), and then move on to individual equilibrium concepts: Nash, Bayesian Nash, subgame-perfect, weak-perfect Bayesian, and sequential.

Requirements and grading

Problem Sets 20%, Midterm 30%, Final 50%.

Graded problem sets will be assigned regularly. During the sessions, teaching assistants will discuss material related to problem sets and cover additional material as necessary.

Course outline

Part 1: General Equilibrium

General Introduction

- ✓ Statement of the general model and related concepts (MWG 10.A-B, 16.A-B, G)

Illustrative Examples of GE

- ✓ Example 1: Exchange economy (MWG 15.A-B)
- ✓ Example 2: Robinson Crusoe economy (one consumer, one producer) (MWG 15.C)
- ✓ Example 3: 2x2 production model (MWG 15.D)

Pareto Efficiency, Welfare Theorems and Classic Examples of Inefficiency

- ✓ Fundamental Theorems of Welfare Economics (MWG 16.C-D)
- ✓ Pareto optimality and social welfare optima (MWG 16.E-F)
- ✓ Taxes on sales, consumption, and income
- ✓ Externalities (MWG 11.A-B, D)
- ✓ Public goods (11.C)
- ✓ Monopoly and imperfect competition

GE under Uncertainty

- ✓ Contingent commodities (MWG 19.A-B)
- ✓ Arrow-Debreu and Radner equilibria (MWG 19.C-D)
- ✓ Asset markets (MWG 19.E-F)

Part 2: Game Theory

Description of a Game

- ✓ What is a game? (MWG 7.A-B)
- ✓ Extensive form representation of a game (MWG 7.C)
- ✓ Strategies and the normal form representation of a game (MWG 7.D)
- ✓ Randomized choices (MWG 7.E)

Simultaneous-Move Games

- ✓ Dominant and dominated strategies, iterated dominance, dominant-strategy equilibrium (MWG 8.B)
- ✓ Rationalizable strategies (MWG 8.C)
- ✓ Nash equilibrium (MWG 8.D)
- ✓ Games of incomplete information and Bayesian Nash equilibrium (MWG 8.E)

Sequential-Move Games

- ✓ Sequential rationality, backward induction, subgame perfection (MWG 9.A-B)
- ✓ Beliefs and sequential rationality: (weak-) perfect Bayesian equilibrium and sequential equilibrium (MWG 9.C)

Reading List

Main textbooks (available from the CERGE-EI Library):

Mas-Colell, Andreu, Michael Whinston, and Jerry Green. *Microeconomic Theory*. Oxford University Press, 1995.

Hirshleifer, Jack and John G. Riley. *The Analytics of Uncertainty and Information*. Cambridge University Press, 1997.

Further suggested readings (available from the CERGE-EI Library):

Birchler, Urs and Monika Butler. *Information Economics*. Routledge, 2007.

Gibbons, Robert. *A Primer in Game Theory*. Harvester Wheatsheaf, 1992. (The exact same book is also published under the title *Game Theory for Applied Economists*, Princeton University Press, 1992.)

Vega-Redondo, Fernando. *Economics and the Theory of Games*. Cambridge University Press, 2003.

MACROECONOMICS II / Part I

Lecturer:

Byeongju Jeong

(Byeongju.Jeong@cerge-ei.cz, office 321, phone 233)

Teaching assistants:

TBA

Office hours:

TBA

Course information

The course will focus on issues of economic growth. We'll cover select chapters of the following textbook.

Acemoglu, Daron (2009), *Introduction to Modern Economic Growth*, published by Princeton University Press.

Listed below are the chapters to be covered. You are strongly advised to read the chapters in advance of lectures since the lectures will build on the basic understanding of the contents of the chapters.

Requirements and grading

The grade is based on the midterm (two-third), and occasional home problems (one-third).

Reading list

Chapter 12. Modeling Technological Change
Chapter 13. Expanding Variety Models
Chapter 14. Models of Schumpeterian Growth
Chapter 15. Directed Technological Change
Chapter 18. Diffusion of Technology
Chapter 19. Trade and Growth
Chapter 20. Structural Change and Economic Growth
Chapter 21. Structural Transformations and Market Failures in Development
Chapter 22. Institutions, Political Economy, and Growth
Chapter 23. Political Institutions and Economic Growth
(print)

MACROECONOMICS II / Part II

Lecturer:

Marek Kapička

(Marek.Kapicka@cerge-ei.cz; office 328, phone 236)

Teaching assistant:

TBA

Office hours:

Monday and Wednesday at 10:00-11:00

Course information

In the first part of the course we will review the theory of dynamic programming in both deterministic and stochastic environments. We will then apply these tools to study selected economic applications, including labor markets and recursive competitive equilibrium. In the second part of the course we will cover models with heterogeneous agents and incomplete markets, specifically the problem of consumption insurance. Basic knowledge of MATLAB will be required to solve some of the problem sets.

Course outline

- ✓ Dynamic Programming (SLP chapter 2,4, LS chapter 2)
- ✓ General Equilibrium Theory (SLP chapter 15)
- ✓ Models with Heterogeneous Agents: Consumption Insurance (LS chapters 16,17, papers)

Requirements and grading

Grades will be based on student's performance in midterm exam, final exam, and problem sets.

Midterm exam	25%
Final exam	25%
Problem Sets	50%

Reading list

(SLP) Nancy L. Stokey, Robert E. Lucas, Jr., and Edward C. Prescott. Recursive Methods in Economic Dynamics. Cambridge: Harvard University Press, 1989.

(LS) Lars Ljungqvist and Thomas J. Sargent. Recursive Macroeconomic Theory. The MIT Press, Cambridge, Massachusetts, 2 edition, 2004.

Prescott, Edward C. and Rajnish Mehra, "Recursive Competitive Equilibrium: The Case of Homogeneous Households". *Econometrica*, Vol. 48, No. 6. (Sep., 1980), pp. 1365-1379.

Mace, Barbara (1991). Full Insurance in the Presence of Aggregate Uncertainty." *Journal of Political Economy* Vol. 99(5), pp. 928-956.

Cochrane, John (1991). A Simple Test of Consumption Insurance." *Journal of Political Economy* Vol. 99(5), pp. 957-976.

Kimball, Miles S. (1990). Precautionary Saving in the Small and in the Large." *Econometrica*, Vol. 58, pp. 53-73.

Huggett, Mark (1993). "The Risk-Free Rate in Heterogeneous Agent Incomplete Insurance Economies." *Journal of Economic Dynamics and Control* Vol. 17(5-6), pp. 953-969.

Aiyagari, Rao (1994). "Uninsured Idiosyncratic Risk and Aggregate Saving." *Quarterly Journal of Economics* Vol. 109(3), pp. 659-684.

Aiyagari, Rao and Ellen Mc Grattan (1998). "The Optimum Quantity of Debt." *Journal of Monetary Economics* Vol. 42(3), pp. 447-469.

Storesletten, Kjetil, Chris Telmer and Amir Yaron (2004). "Consumption and Risk Sharing over the Life Cycle." *Journal of Monetary Economics* Vol. 51, pp. 609-633.

ECONOMETRICS I

Lecturers:

[Peter Katusčák](#)

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Teaching assistants:

[Mykola Babiak](#)

(Mykola.Babiak@cerge-ei.cz)

[Myroslav Pidkuyko](#)

(Myroslav.Pidkuyko@cerge-ei.cz)

Office hours:

TBA

Class website:

http://home.cerge-ei.cz/Peter/Teaching/Econometrics/teaching_econometrics.html

This is the second course in the basic stats/metrics sequence. It builds on the material covered in Statistics. The course will start by providing a background on the aims of econometrics, data-generating process, causality, review of the asymptotic and testing theory, and a short introduction into Monte Carlo methods. We will then spend a few lectures discussing identification issues. Next, we will discuss various estimation approaches and bootstrapping, and talk about estimation and testing in models without functional form specification of the conditional distribution. From there on, the course will progress along more conventional lines, discussing linear regression, instrumental variable estimation, systems of equations, and simultaneous equation models.

Requirements and grading

Problem Sets 25%, Midterm 25%, Final 50%

Graded problem sets will be assigned regularly. During the sessions, teaching assistants will discuss answers to problem sets and cover additional material as necessary.

Reading list

Principal Text:

Wooldridge, Jeffrey M. *Econometric Analysis of Cross Section and Panel Data*. The MIT Press, 2002. (W) (There is now also a newer version available in the library.)

Further Suggested Readings:

Wooldridge, Jeffrey M. *Introductory Econometrics: A Modern Approach* (Second Edition). Thomson/South-Western, 2003. This “baby Wooldridge” textbook covers the same topics as the main textbook, but at a more introductory level. It could serve as a good background reading. (BW)

Greene, William H. *Econometric Analysis*. Prentice-Hall, nth edition.

Additional readings:

Koopmans, Tjalling C. (1949) “Identification Problems in Economic Model Construction.” *Econometrica* 17(2), pp. 125-144.

A *Wall Street Journal* Article on the Use of IV in Applied Studies.

Handout on derivation of the FGLS estimator as an optimal GMM estimator.

Lectures, Topics, and Reading Assignments

1. Background

- ✓ Aim of econometrics
- ✓ The concept of a data-generating process and causality
- ✓ Sampling (W 1)
- ✓ Review of basic results in asymptotic theory (W 3)
- ✓ Sample size and power of testing
- ✓ Monte Carlo method (W 12.8.1)
- ✓ Bootstrapping (W 12.8.2)

2. Identification

- ✓ Average partial effects (W 2.2.5)
- ✓ Basic identifying assumptions (W 2.2.5)
- ✓ Identification in the linear regression model
- ✓ Usual identification problems and their solutions

3. Estimation Strategies

- ✓ Method of moments
- ✓ Maximum likelihood (W 13.1-5)
- ✓ Least squares
- ✓ Generalized Method of Moments (W 14.1-3)
- ✓ Which estimator to use

4. Testing

- ✓ Wald test (W 12.6.1)
- ✓ Lagrange multiplier test (W 12.6.2)
- ✓ Likelihood ratio test (W 12.6.1)
- ✓ Nonparametric tests (W 12.6.3)

5. Single-Equation Linear Regression Model (W 4)

- ✓ Identification
- ✓ Estimation
- ✓ Asymptotic properties of the estimator
- ✓ Homoscedasticity and heteroscedasticity
- ✓ Sample orthogonality conditions and goodness of fit

- ✓ Properties of the estimator in a small sample with a fixed regressor matrix
- ✓ Testing and confidence intervals
- ✓ A note on identity of Wald, LM and LR tests
- ✓ Heteroscedasticity and weighted least squares
- ✓ Common specifications used in applications

6. Single-Equation Linear Regression Model with an Endogenous Regressor: Instrumental Variable Estimation (Ch 5)

- ✓ Identification
- ✓ IV estimator in the exactly identified case
- ✓ 2SLS estimator in the overidentified case
- ✓ Asymptotic properties of the IV and 2SLS estimators

7. Additional Topics in Single-Equation Model Estimation (Ch 6)

- ✓ Testing for endogeneity
- ✓ Testing overidentifying restrictions
- ✓ Testing functional form
- ✓ Testing for heteroscedasticity

8. Systems of Linear Equations (Ch 7, 8)

- ✓ System OLS estimator
- ✓ Feasible generalized least squares
- ✓ System IV

9. Simultaneous Equation Models (Ch 9)

- ✓ Identification by exclusion restrictions
- ✓ 3SLS estimator
- ✓ Identification by general within-equation restrictions

ACADEMIC WRITING I

Lecturers:

Robin-Eliece Mercury

(Robin-Eliece.Mercury@cerge-ei.cz; office 311, phone 189)

Andrea Downing

(Andrea.Downing@cerge-ei.cz; office 124, phone 113)

Office hours:

TBA

Course information

The overall purpose of this course is to provide input and practice so that students can strengthen their critical/analytical reading and writing skills in formal, post-graduate level English.

Students will practice analysis and summarization of Economics texts, and will express their analyses in the form of formal, academic papers. The final task will be a written analytical summary of an

extensive article in the field of Economics. Students will choose an article/topic that reflects their personal interests in the field.

The skills practiced on this course are designed to support student writing as they begin to work on dissertation proposals and, later, on articles, working papers and dissertations.

Requirements and grading

Summary of an article	10%
Annotated bibliography	20%
Peer analysis	20%
Analytical summary	50%

B. Second year courses

ECONOMETRICS IV

Lecturer:

Nikolas Mittag

(Nikolas.Mittag@cerge-ei.cz; office 304, phone 128)

Teaching assistants:

TBA

Office hours:

TBA

Course information

The emphasis of the course is threefold: (i) to extend regression models in the context of cross-section and panel data analysis, (ii) to focus on situations where linear regression models are not appropriate and to study alternative methods, (iii) to discuss the estimation of causal parameters and program evaluation. Besides covering these topics in some detail, a goal of the course is to provide students with an overview of some current topics in econometrics for further study. Examples of applied work will be used throughout the course.

Course outline

1. Introduction
 - a. Causal Parameters and Policy Analysis in Econometrics
 - b. Testing Issues.(Reminder)
 - c. Deviations from the Basic Linear Regression Model

2. Panel Data Regression Analysis
 - a. GLS with Panel Data
 - ✓ SURE
 - ✓ Random Coefficients Model
 - ✓ Random Effects Model
 - b. What to Do When $E[u|x]$ is not 0?
 - ✓ The Fixed Effect Model
 - ✓ Measurement Error and Attrition in Panel Data
 - c. Testing in Panel Data Analysis
 - ✓ Clustering in Panel Data
 - ✓ Hausman Test
 - ✓ Using Minimum Distance Methods in Panel Data
 - d. Simultaneous Equations
 - e. GMM and Panel Data

3. Qualitative and Limited Dependent Variables
 - a. Qualitative response models
 - ✓ Binary Choice Models
 - ✓ Multinomial Choice Models
 - ✓ Models for Count Data and Threshold Models
 - b. Limited Dependent Variables
 - ✓ Censored Models
 - ✓ Truncated Models

- ✓ Introduction to Choice Based Sampling and Sample Selection
- c. Duration Analysis
 - ✓ Hazard Function
 - ✓ Estimation Issues
- 4. Program Evaluation
 - a. Observational Studies and Selection Issues
 - b. “Solutions” to the Selection Problems
 - ✓ Modeling Selection
 - ✓ Matching
 - ✓ Quasi-Experiments
 - ✓ Experiments
 - c. Heterogeneous Treatment Effects

Requirements and grading

30% problem sets and course project, 30% midterm, 40% final.

Reading list

The main textbook for the class is **Econometric Analysis of Cross Section and Panel Data, J.M. Wooldridge, MIT Press, 2002**. Additional references will be provided for the various topics. Some other books that cover similar material and can be used as a supplement or substitute for the Wooldridge book are:

Cameron, A. Colin and Pravin K. Trivedi (2005). *Microeconometrics: Methods and Applications*. Cambridge University Press.

Deaton, A. (1997) *The analysis of household surveys: A microeconomic approach to development policy*, Baltimore and London: Johns Hopkins University Press for the World Bank.

Greene, William H. (2011) *Econometric Analysis*, 7th edition, Prentice Hall.

Hsiao, C. (2003) *Analysis of Panel Data*, 2nd edition. Cambridge University Press.

INDUSTRIAL ORGANIZATION II

Lecturer:

Avner Shaked

(shaked@uni-bonn.de; office 324, phone 162)

Krešimir Žigić

(Kresimir.Zigic@cerge-ei.cz; office 306, phone 245)

Teaching assistant:

Olena Senyuta

(Olena.Senyuta@cerge-ei.cz)

Office hours:

TBA

Course information

This is the second course in the Industrial Organization (IO) sequence. The goal is to familiarize students with the major topics in IO, notably core oligopoly theory and in parallel, to illustrate methodological tools for conducting research. The main focus will be on theoretical issues.

IO is (broadly) the economic study of firm behaviour and market structure. We will cover **in the sequence** several subjects including, but not limited to strategic oligopoly theory, dynamic games, bargaining, implications of asymmetric and/or incomplete information, mechanism design and auction theory. The course will follow various field articles.

Requirements and grading

The course will be accompanied by exercise sessions. 50% of the course grade will be based on a final exam, 40% on a midterm exam and 10% on the presentation of a selected article (either one of the papers on the regular syllabus that we haven't covered in class, or of your choice – permission required). The presentation shall involve a **critical** analysis of the model, its assumptions, the findings and the possible extensions. This requires an extensive knowledge of the related literature.

Reading list

Principal textbooks:

Tirole, Jean: *The Theory of Industrial Organization*, MIT Press, 1989 (henceforth, Tirole, 1989).

Belleflamme, P., and M. Peitz: *Industrial Organization—Markets and Strategies*, Cambridge University Press, 2010 (henceforth, Belleflamme and Peitz, 2010).

Osborne, J. M. and A. Rubinstein: *Bargaining and Markets*, Academic Press, 1990.

Etro, Federico: *Competition, Innovation and Antitrust, A Theory of Market Leaders and Its Policy Implications*, Springer Verlag, 2007. (henceforth, Etro, 2007).

Recommended and supplementary textbooks:

Binmore, Ken: *Fun & Games*, D.C. Heath, 1992.

Fudenberg, Drew and Jean Tirole: *Game Theory*, MIT Press, 1991.

Handbook of Industrial Organization Vol. I and II, eds. R. Schmalensee and R. Willig, Amsterdam: North-Holland, 1989.

Handbook of Industrial Organization Vol. III, eds. M. Armstrong and R. Porter, Amsterdam: North-Holland, 2007.

Martin, Stephen: *Advanced Industrial Economics*, Blackwell, 1993.

Mas-Colell, A., M. Whinston and J. Green (1995), *Microeconomic Theory*, Oxford University Press (henceforth, MWG, 1995).

Shy, Oz: *Industrial Organization, Theory and Applications*, The MIT Press, 1996.

Spiegler, R., *Bounded Rationality and Industrial Organization*, Oxford University Press, 2011.

Sutton, John: *Sunk Costs and Market Structure: Price Competition, Advertising, and the Evolution of Concentration*, MIT Press, 1991.

Vives, Xavier, *Oligopoly Pricing; old ideas and new tools*, The MIT Press, 2000, (henceforth, Vives, 2000).

Vives, Xavier, *Information and Learning in Markets: The Impact of Market Microstructure*, Princeton University Press, 2010.

Recommended web site:
INTERTIC; www.intertic.org

Topics & readings: (this is a tentative outline of what we plan to cover in the Spring semester):

(1) Product Differentiation, Advertising and Choice under Bounded Rationality

Belleflamme and Peitz, 2010, Chapter 6.

Spiegler, R., *Bounded Rationality and Industrial Organization* (2011), Oxford University Press, chapter 6.

Tirole, 1989, chapter 7.

Butters, R.G. (1977), "Equilibrium Distributions of Sales and Advertising Prices", *Review of Economic Studies*, 44, 465-491.

d'Aspremont, C., J. J. Gabszewicz and J.-F. Thisse (1979), "On Hotelling's Stability in Competition," *Econometrica*, 47, 1145-1150.

Hotelling, H. (1929), "Stability in Competition," *Economic Journal*, 39, 41-57.

Salop, S. (1979), "Monopolistic Competition with Outside Goods," *Bell Journal of Economics*, 10, 141-156.

Shaked, A. and J. Sutton (1982), "Relaxing Price Competition through Product Differentiation," *Review of Economic Studies*, 49, 3-13.

Shaked, A. and J. Sutton (1983), "Natural Oligopolies," *Econometrica*, 51, 1469-1483.

(2) Models of Oligopolistic Competition

Etro, 2007; Chapters, 1-3

Tirole, 1989; Sections 5.1, 5.2, 5.4, 8.2.1.

MWG, 1995; Section 12.C.

Belleflamme and Peitz, 2010, Chapters, 3-4

Etro, F. (2006), "Aggressive Leaders," *Rand Journal of Economics*, 37, 146-154.

Novshek, W. (1985), "On the Existence of Cournot Equilibrium," *Review of Economic Studies*, 52, 85-98.

Etro, F. 2008, Stackelberg Competition with Endogenous Entry, *The Economic Journal*, Vol. 118, 531 (October), pp. 1670-97.

Shapiro, C. (1989), "Chapter 6: Theories of Oligopoly Theory," in: *Handbook of Industrial Organization Vol. I*.

Vives, 2000 Chapters 3, 4 and 5.

(3) Oligopoly Applications

3.1 Capacity Constraints and Price Competition

Tirole, 1989; Sections, 5.2, 5.3, 5.7.2.

Kreps, D. and J. Scheinkman (1983), "Quantity Precommitment and Bertrand Competition Yield Cournot Outcomes," *Bell Journal of Economics*, 14, 326-337.

3.2 Entry Deterrence/Accommodation

Etro, 2007; Chapter 4.

Tirole, 1989; Sections, 8.2.1, 8.2.2.1, 8.3, 8.4.

MWG, 1995. Section 12-App.B.

Belleflamme and Peitz, 2010, Chapter, 16.

Bulow, J., J. Geanakoplos and P. Klemperer (1985a), "Multimarket Oligopoly: Strategic Substitutes and Complements," *Journal of Political Economy*, 93, 488-511.

Bulow, J., J. Geanakoplos and P. Klemperer (1985b), "Holding Idle Capacity to Deter Entry," *Economic Journal*, 95, 178-182.

Caves, R. and M. Porter (1977), "From Entry Barriers to Mobility Barriers," *Quarterly Journal of Economics*, 9, 241-267.

Dixit, A. (1979), "A Model of Duopoly Suggesting a Theory of Entry Barriers," *Bell Journal of Economics*, 10, 20-32.

Dixit, A. (1980), "The Role of Investment in Entry Deterrence," *Economic Journal*, 90, 95-106.

Ellison, G., and S.F. Ellison, (2011), "Strategic Entry Deterrence and the Behavior of Pharmaceutical Incumbents Prior to Patent Expiration", *American Economic Journal: Microeconomics*., 3, 1-36.

Fudenberg, D. and J. Tirole (1984), "The Fat Cat Effect, the Puppy Dog Ploy and the Lean and Hungry Look," *American Economic Review*, 74, 361-368.

Fudenberg, D. and J. Tirole (1986), *Dynamic Models of Oligopoly*, London: Harwood.

Gilbert, R. J. (1989), "Mobility Barriers and the Value of Incumbency," in: *Handbook of Industrial Organization Vol. I*, 476–531.

Spence, M. (1977), "Entry, Capacity, Investment and Oligopolistic Pricing," *Bell Journal of Economics*, 8, 534-544.

3.3 Innovation and R&D

Etro, 2007, Chapter 4.

Etro, F. 2004, Innovation by Leaders, *The Economic Journal*, Vol. 114, 495, 281- 310.

Belleflamme and Peitz, 2010, Chapter, 18.

Vives, X. 2008. "Innovation and Competitive Pressure." *The Journal of Industrial Economics*, 56: 419-469.

Kamien, I. M., E. Muller and I. Zang (1992), "Research Joint Venture and R&D Cartels," *American Economic Review*, 82, 1293-1306.

Lee, T. and L. Wilde (1980), "Market Structure and Innovation: A Reformulation," *Quarterly Journal of Economics*, 94, 429-436.

Loury, G. C. (1979), "Market Structure and Innovation," *Quarterly Journal of Economics*, 93, 395- 410.

(4) Repeated Games and Bargaining Theories

Fudenberg, Drew and Jean Tirole (1991) *Game Theory*, MIT Press, 4.3, 4.4. 5.1
MWG,1995, 9-App.A, 12.D, 12-App.A.

Osborne, M. & Ariel Rubinstein (1990) *Bargaining and Markets*, Academic Press.

Rubinstein, A. (1982), "Perfect Equilibrium in a Bargaining Model," *Econometrica*, 50, 97-109.

Shaked, A. and J. Sutton (1984), "Involuntary Unemployment as a Perfect Equilibrium in a Bargaining Model," *Econometrica*, 52, 1351-1364.

LABOR ECONOMICS

Lecturer:

Daniel Múnich

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Office hours:

Tue & Thu 14:00-16:00 (and anytime if doors are open)

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Office hours:

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Teaching assistant:

Tetyana Holets

(Tetyana.Holets@cerge-ei.cz)

Class website:

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Course information

The course will provide fundamental understanding of stylized labor supply and labor supply models in static and dynamic version, models of wage determination and of firm behavior. The course will combine theoretical concepts, empirical evidence and methodologies of empirical approaches including use of econometrics tools. Debates about links to public policy designs and policy experience will be encouraged.

The course has three major goals (i) to guide students through current theoretical and empirical understanding of major labor market issues, (ii) to provide guidance to student's own empirical research, (iii) to make students familiar with common research resources, standards and approaches in the field. Throughout the topics, references will be made to empirical approaches (data and techniques econometric / identification approaches).

The necessary prerequisite for the course is familiarity with principles of microeconomic theory and econometrics from the 1st year.

Course outline

Labor Supply

- ✓ Key terms, framework, resources (DM)
- ✓ Static model of labor supply, non-linear price lines, participation, overtime work rationing, taxes and transfer schemes (DM)
- ✓ Home production, interpersonal transfers and earnings within families, allocation of (non)market time (DM)
- ✓ Labor supply over business and life-cycle (DM)

Models of Wage Structures

- ✓ Human capital model (DM)
- ✓ Differentials on labor markets by gender and ethnicity, compensating wage differentials, discrimination (MP)
- ✓ Changes in wage structures, income inequality (MP)

- ✓ Job turnover, matching and search, unemployment duration (DM)

Labor Demand

- ✓ Static and dynamic labor demand (DM)
- ✓ Theory of firm (standard, state owned, coops, labor managed) (DM)
- ✓ Minimum wages; unions; bargaining, wages and employment (MP)
- ✓ Pay and productivity, efficiency wages, ownership (MP)
- ✓ Effects of international trade and foreign direct investment (MP)

LABOR MARKETS ISSUES

- ✓ International migration (MP)
- ✓ Impacts of workforce diversity on firms (MP)

Requirements and grading

Grades will be based on student's performance in midterm exam (20%), final exam (45%), a term paper (20%) and empirical assignment (15%).

The aim of empirical assignments is to make students familiar with empirical econometric analysis (using statistical package Stata) using real empirical data and estimating selected models.

The term-paper should be a ~15 000 characters (~5 pages max) long, coherent and carefully crafted critical literature review (own critical insight!) on a topic of student's choice. Details about assignments, exercise sessions, handouts etc. will be posted in advance.

Irregular exercise sessions will be scheduled irregularly and announced in advance.

Course materials (ex-ante and ex-post) will be made available via course web page at <http://home.cerge-ei.cz/munich/labor13/>.

Reading list

Selected chapters from:

HBLE (Handbook of Labor Economics, Vol. 1, 2, 3, 4A, 4B, Edited by O. Ashenfelter, R. Layard and D. Card, Elsevier) at <http://econpapers.repec.org/bookchap/eeelabhes/>.

George J. BORJAS: "The Economic Analysis of Immigration", In: Handbook of Labor Economics, Volume 3, Edited by O. Ashenfelter and D. Card (1999); Chapter 28, Elsevier Science B. V.

Hamermesh, Daniel S. and Albert Rees (1984) "The Economics of Work and Pay".

Hamermesh, Daniel S. (1993), "Labor Demand" (Princeton University Press).

Auxiliary reference texts:

Econometric Analysis of Cross Section and Panel Data, [W], Jeffrey M. Wooldridge, MIT Press, 2002.

Econometrics Analysis, [G], William H. Greene.

Analysis of Panel Data, [H], Cheng Hsiao, Cambridge U. Press, 1986.

Limited-dependent and Qualitative Variables in Econometrics, [M], G.S. Maddala, Cambridge U. Press, 1983.

A Guide to Econometrics, Peter Kennedy.

Labor Economics, George Borjas.

Filer et al., The Economics of Work and Pay.

Additional readings (papers) will be provided for various subtopics before and after particular lectures.

FINANCIAL MARKETS III

Lecturer:

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Teaching assistants:

TBA

Office hours:

TBA

Course information

This course is a survey of asset pricing theory, emphasizing a discount-factor and GMM approach. The discount factor is a unifying framework: $p=E(mx)$ covers everything, stocks, bonds, options, real investments, discrete time, continuous time, asset pricing, portfolio theory, etc.

Requirements and grading

1) Show up, read the assigned readings. 2) Do problem sets. 3) Take a final exam. The grade will be based on max (25% problem sets + 75% exam, 100% exam). You may help each other on problem sets, but I expect everyone to actually do the work. You may not hand in problem sets late.

Reading listRequired textbook:

John H. Cochrane, Asset Pricing, Princeton University Press.

Tentative Reading List:

- ✓ Week 0. Vital Background Reading.
- You need to be comfortable with time series mechanics. Start with the Appendix on Continuous time in Asset Pricing, p.489-496. Read the John H. Cochrane's Continuous time review notes for a quick refresher on dz and dt . We will use dz and dt and Ito's lemma on the first day, so make sure you understand this. John Cochrane's Time series notes are a more leisurely refresher of discrete-time time-series mechanics.
- You need to know facts: predictability, value premium, etc., especially if you haven't taken empirical finance before.

Read Asset Pricing Ch 20 -- 389-393, and 426-454 to have some idea of why we're doing all this stuff.

If you don't know it already, read one classic paper: Fama and French, "Multifactor explanations of asset pricing anomalies". We'll talk a lot about the "Fama-French three factor model" as the paradigm of current multifactor models in expected return-beta form.

- Read "Discount Rates". This is John Cochrane's latest effort to put in one place all the facts, theory, philosophy and directions for new research in asset pricing. It gives you a sense of the bigger picture, why we do what we do and where we're heading.

- ✓ Week 1. Basic model, Overview, Equity premium.
 - Asset Pricing Ch1-2 and Ch 21.1 for equity premium
 - (Optional, reference) The classic paper: Lucas, Robert E. Jr, 1978, "Asset Prices in An Exchange Economy" *Econometrica* 46, 1429-1455. This is the famous paper that launched the consumption-based model and endowment-economy framework.
- ✓ Week 2. Contingent claims, state-space representation and existence of a discount factor.
 - Asset Pricing Ch. 3-4
 - (Optional, reference) Hansen, Lars Peter and Scott F. Richard, 1987, "The Role of Conditioning Information in Deducing Testable Restrictions Implied by Dynamic Asset Pricing Models" *Econometrica* 55, 587-613. This is the paper that sets out all of the state space stuff, and the conditional vs. unconditional mean variance frontier. It has all the assumptions and the proofs. Very dense, and it is meant as a compliment.
- ✓ Week 3. Mean-variance frontier, beta representations, conditioning information.
 - Asset Pricing Ch 5-8.
- ✓ Week 4. Factor pricing models.; CAPM, ICAPM, APT.
 - Asset Pricing Ch.8-9.
- ✓ Week 5. GMM.
 - Asset Pricing Ch 10-11.
 - (Optional, reference) Hansen, Lars Peter, 1982, "Large Sample Properties of Generalized Method of Moments Estimators" *Econometrica* 50, 1029-1054. This paper has the GMM distribution theory and assumptions. Read along with Ch. 11 of Asset Pricing.
 - (Optional, reference) Hansen, Lars Peter, and Kenneth J. Singleton, 1982, "Generalized Instrumental Variables Estimation of Nonlinear Rational Expectations Models" *Econometrica* 50 1269-1286.; Errata Applies GMM to the consumption-based model. The "how-to" paper accompanying the last paper. The Errata tables are the right ones.
- ✓ Week 6. Regression tests, GRS, and GMM.
 - Asset Pricing Ch 12-16.
 - (Optional, reference) Fama and French, "Multifactor explanations of asset pricing anomalies". A good paper to keep in mind as an application of all this technique. We'll focus on the basic tests in Tables 1-2 as the classic example of "how to do cross-sectional tests."
- ✓ Week 7. a) Option pricing and b) Term structure definitions, expectations hypothesis and factor structure.
 - Asset Pricing Ch 17; Ch. 19-1-19.3. Read the definitions, put call parity, yield, forward rate etc. carefully, as I won't review that in class.
- ✓ Week 8. (Nov.8) Term structure models.
 - Asset Pricing Ch. 19.

- (Optional, Reference) “Bond Risk Premia” (its Appendix) and Decomposing the Yield Curve with Monika Piazzesi. Bond risk premia is an update of the Fama-Bliss facts. Decomposing the Yield curve is Cochrane-Piazzesi’s best shot to put these insights into an affine model with risk premia.
- ✓ Week 9-end. Asset pricing and macro. Alternative utility functions: multiple goods, aggregation, habits, durable goods, labor, recursive utility, long run risks, endowment and general equilibrium models, production and investment.
- Asset Pricing Ch 21.2.
- Sections 4 and 6 of Financial Markets and the Real Economy p.267-290, 302-314.

References: There's a lot here. You're responsible for what's in lecture, not the details of all these papers. However, I will show the main results and this is a written resource.

EXPERIMENTAL ECONOMICS

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TBA

Class website:

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Course information

This is a graduate-level topics course in Experimental Economics. The aim is to expose students to multiple potential research topics and related literature. Hands-on participation in in-class experiments will be an integral part of the course. Basic background in Microeconomic Theory and Game Theory is assumed. The first part of the course will be based on lab experiments and the second part will cover field experiments.

Requirements and grading

There will be no exams in this class. The course grade will predominantly be based on a term paper. In this paper, a student should outline a research question to be addressed by experimental economic methods, review the literature, propose a detailed experimental design, outline hypotheses to be tested and discuss how these hypotheses will be tested. Each student needs to choose one of two options:

(1) Lab experiment proposal. In this case a student is required to implement a pilot study with classmates in the role of subjects and, right after conducting the experiment, presenting the proposal to the class. The write-up should then include analysis of the resulting data. Under this option, the student is evaluated purely on the basis of the submitted write-up, pilot experiment and presentation.

(2) Field experiment proposal. In this case there is no pilot study requirement. There still is the project presentation requirement. Instead of doing the pilot, a student is required to choose two from the given set of working papers and write referee reports on those. The eligible working papers are provided below. Referee reports are due at the same time as term projects. Under this option, the student is evaluated on the basis of the submitted write-up, presentation and the two referee reports.

Course outline

Part 1:

Note: due to the time constraint, we will cover only selected topics. During the first class, we will discuss which topics to cover.

1. Introduction and Methodology

2. Other-regarding Preferences

- ✓ Dictator game
- ✓ Ultimatum game
- ✓ Understanding other-regarding preferences

3. Preference and Belief Elicitation

- ✓ Willingness-to-pay elicitation
- ✓ Belief elicitation
- ✓ Risk aversion elicitation
- ✓ Elicitation of other-regarding preferences
- ✓ Elicitation of attitudes toward competition

4. Trust, Reciprocity and Principal-Agent Games (skipping)

- ✓ Trust game
- ✓ Reciprocity game
- ✓ Principal-agent game

5. Cooperation

- ✓ Prisoners' Dilemma

6. Coordination

- ✓ Battle of the Sexes
- ✓ Minimum effort game

7. Guessing

- ✓ Guessing (beauty contest) game

8. Public Goods

- ✓ Voluntary contributions game
- ✓ Voluntary contributions with punishments
- ✓ Provision-point mechanism

9. Auctions

- ✓ Overview of auction formats
- ✓ Independent private values: English, Dutch, first-price sealed-bid and second-price sealed-bid auctions
- ✓ Common values: first-price sealed-bid

10. Financial Markets

- ✓ Multi-unit double-auction
- ✓ Stock-market, bubbles
- ✓ Prediction market

Part 2:

1. Reciprocity (gift-exchange)
2. Incentives and economic behavior
3. Social preferences: universal or responding to circumstances?
4. Formation of social preferences during childhood and adolescence
5. Self-control, status quo bias and deadlines
6. Commitment devices
7. Determinants of time discounting
8. Discrimination: preference-based or statistical?
9. Discrimination in social psychology
10. Adverse selection and moral hazard
11. The role of prices in social programs

Reading list – part 1

1. Introduction and Methodology

*Holt, chapter 1.

Hertwig, Ralph and Andreas Ortmann. "Experimental Practices in Economics: A Methodological Challenge for Psychologists?" *Behavioral and Brain Sciences*, 2001, 24(3), pp. 383-402.

Kahneman, Daniel. "Maps of Bounded Rationality: Psychology for Behavioral Economics." *American Economic Review*, 2003, 93(5), pp. 1449-1475.

Rabin, Matthew. "Psychology and Economics." *Journal of Economic Literature*, 1998, 36(1), pp. 11-46.

Roth, Alvin E. "The Early History of Experimental Economics." *Journal of the History of Economic Thought*, 1993, 15(2), pp. 184-209.

Roth, Alvin E. "Let's Keep the Con out of Experimental Econ.: A Methodological Note." *Empirical Economics*, 1994, 19(2), pp. 279-289.

Samuelson, Larry. "Economic Theory and Experimental Economics." *Journal of Economic Literature*, 2005, 43(1), pp. 65-107.

2. Other - Regarding Preferences

a. Dictator, Ultimatum and Bargaining Games

*Holt, chapter 12

Binmore, Ken. "Economic Man or Straw Man? Commentary on Heinrich, et al." *Behavioral and Brain*

Sciences, 2005, 28, pp. 815-818.

Bornstein, Gary and I. Yaniv. "Individual and Group Behavior in the Ultimatum Game: Are Groups More "Rational" Players?" *Experimental Economics*, 1998, 1, pp. 101-108.

*Cherry, Todd, Peter Frykblom and Jason Shogren. "Hardnose the Dictator." *American Economic Review*, 2002, 92(4), pp. 1218-1221.

*Forsythe, Robert, Joel Horowitz, N.S. Savin and Martin Sefton. "Fairness in Simple Bargaining Experiments." *Games and Economic Behavior*, 1994, 6(3), pp. 347-369.

Goeree, Jacob and C. Holt. "Asymmetric inequality aversion and noisy behavior in alternating-offer bargaining games." *European Economic Review*, 2000, 44, pp. 1079-1089.

*Guth, Werner, R. Schmittberger and B. Schwartz. "An Experimental Analysis of Ultimatum Bargaining." *Journal of Games and Economic Behavior*, 1982, 3(4), pp. 367-388.

*Hoffman, E., K. McCabe., K. Shachat, and V. Smith. "Preferences, Property Rights, and Anonymity in Bargaining Games." *Games and Economic Behavior*, 1994, 7, pp. 346-380.

*List, John. "On the Interpretation of Giving in Dictator Games." *Journal of Political Economy*, 2007, 115(3), pp. 482-493.

*Ochs, Jack and Alvin E. Roth. "An Experimental Study of Sequential Bargaining." *American Economic Review*, 1989, 79(3), pp. 355-384.

Roth, Alvin E., V. Prasnikar, M. Okunofujiwara and S. Zamir. "Bargaining and Market Behavior in Jerusalem, Ljubljana, Pittsburgh, and Tokyo: An Experimental Study." *American Economic Review*, 1991, 81(5), pp. 1068-1095.

Rubinstein, Ariel. "Perfect Equilibrium in a Bargaining Model." *Econometrica*, 1982, 50(1), pp. 97-109.

*Slonim, Robert and Alvin E. Roth. "Learning in High Stakes Ultimatum Games: An Experiment in the Slovak Republic." *Econometrica*, 1988, 66(3), pp. 569-596.

b. Understanding Other-Regarding Preferences

*Andreoni, James and John Miller. "Giving According to GARP: An Experimental Test of the Consistency of Preferences for Altruism." *Econometrica*, 2002, 70(2), pp. 737-753.

*Bolton, Gary E. and Axel Ockenfels. "ERC: A Theory of Equity, Reciprocity and Competition." *American Economic Review*, 2000, 90(1), pp. 166-193.

*Charness, Gary and Matthew Rabin. "Understanding Social Preferences with Simple Tests." *Quarterly Journal of Economics*, 2002, 117(3), pp. 817-869.

Dufwenberg, M. and G. Kirchsteiger. "A Theory of Sequential Reciprocity." *Games and Economic Behavior*, 2004, 47(2), pp. 268-98.

Falk, Armin and Urs Fischbacher. "A Theory of Reciprocity." *Games and Economic Behavior*, 2006, 54(2), pp. 293-315.

*Fehr, Ernst and Klaus Schmidt. "A Theory of Fairness, Competition, and Cooperation." *Quarterly Journal of Economics*, 1999, 114(3), pp. 817-868.

Levine, D. "Modelling Altruism and Spitefulness in Game Experiments." *Review of Economic Dynamics*, 1998, 1(3), pp. 593-622.

Li, Jing. "The Power of Convention: A Theory of Social Preferences." *Journal of Economic Behavior and Organization*, 2008, 65(3-4), pp. 489-505.

Rabin, Matthew. "Incorporating Fairness into Game Theory and Economics." *American Economic Review*, 1993, 83(5), pp. 1281-1302.

Sobel, Joel. "Putting Altruism in Context," *Brain and Behavioral Science*, 2002, 25(2), pp. 275-276.

Sobel, Joel. "Interdependent Preferences and Reciprocity." *Journal of Economic Literature*, 2005, 43(2), pp. 392-436.

3. Preference and Belief Elicitation

*Holt, chapters 4 and 30.

Andreoni, James and John Miller. "Giving According to GARP: An Experimental Test of the Consistency of Preferences for Altruism." *Econometrica*, 2002, 70(2), pp. 737-753.

*Becker, G.M., Degrooth, M.H., Marschak, J. Measuring Utility by a Single-Response Sequential Method. *Behavioral Science*, 1964, 9(2), pp. 226-232.

*Charness, Gary and Matthew Rabin. "Understanding Social Preferences with Simple Tests." *Quarterly Journal of Economics*, 2002, 117(3), pp. 817-869.

Croson, Rachel and Uri Gneezy. "Gender Differences in Preferences." *Journal of Economic Literature*, 2009, 47(2), pp. 448-474.

Fehr, Ernst, Helen Bernhard and Bettina Rockenbach. "Egalitarianism in young children." *Nature*, 2008, 454(28), pp. 1079-1084.

*Holt, Charles A. and Susan K. Laury, "Risk Aversion and Incentive Effects." *American Economic Review*, 2002, 92(5), pp. 1644-1655.

4. Trust, Reciprocity and Principal-Agent Games

*Holt, chapter 13.

Andreoni, James. "Trust, Reciprocity, and Contract Enforcement: Experiments on Satisfaction Guaranteed." 2005, Working Paper.

Andreoni, James, William H. Harbaugh and Lise Vesterlund. "The Carrot or the Stick: Rewards, Punishments and Cooperation." *American Economic Review*, 2003, 93(3), pp. 893-902.

*Berg, Joyce, John Dickhaut and Kevin McCabe. "Trust, Reciprocity, and Social History." *Games and Economic Behavior*, 1995, 10(1), pp. 122-142.

Bohnet, Iris, Bruno S. Frey and Steffen Huck. "More Order with Less Law: On Contract Enforcement, Trust, and Crowding." *American Political Science Review*, 2001, 95(1), pp. 131-144.

Cox, James C. "How to Identify Trust and Reciprocity." *Games and Economic Behavior*, 2004, 46(2), pp. 260-281.

Engelmann, Dirk and Andreas Ortmann. "The Robustness of Laboratory Gift Exchange: A Reconsideration." 2002, Working Paper, CERGE-EI, Prague, Czech Republic.

*Fehr, Ernst, Simon Gächter and Georg Kirchsteiger. "Reciprocity as a Contract Enforcement Device: Experimental Evidence." *Econometrica*, 1997, 65(4), pp. 833-860.

*Fehr, Ernst, Georg Kirchsteiger, and Arno Riedl. "Does Fairness Prevent Market Clearing? An

Experimental Investigation." *Quarterly Journal of Economics*, 1993, 108(2), pp. 437-459.

*Fehr, Ernst, Alexander Klein, and Klaus Schmidt. "Fairness and Contract Design." *Econometrica*, 2007, 75(1), pp. 121-154.

Glaeser, Edward L., et al. "Measuring Trust." *Quarterly Journal of Economics*, 2000, 115(3), pp. 811-846.

Van Huyck, John B.; Raymond C. Battalio and Mary F. Walters. "Commitment versus Discretion in the Peasant-Dictator Game." *Games and Economic Behavior*, 1995, 10(1), pp. 143-170.

5. Cooperation

*Holt, chapter 3.1-2.

Andreoni, James. "Warm-Glow Versus Cold-Prickle: The Effects of Positive and Negative Framing on Cooperation in Experiments." *Quarterly Journal of Economics*, 1995b, 110(1), pp. 1-21.

Andreoni, James and Larry Samuelson. "Building Rational Cooperation." *Journal of Economic Theory*, 127, 2006, pp. 117-154.

*Andreoni, James and J.H.Miller. "Rational Cooperation in the Finitely Repeated Prisoner's Dilemma: Experimental Evidence." *Economic Journal*, 1993, 103(418), pp. 570-585.

Camerer, C., and K. Weigelt. "Experimental Tests of a Sequential Equilibrium Reputation Model." *Econometrica*, 1988, 56(1), pp. 1-36.

*Cooper, R., D. DeJong and R. Forsythe "Cooperation Without Reputation: Experimental Evidence from Prisoner's Dilemma Games." *Games and Economic Behavior*, 1996, 12(2), pp. 187-218.

*Dal Bo, P. "Cooperation under the Shadow of the Future: Experimental Evidence from Infinitely Repeated Games." *American Economic Review*, 2005, 95(5), pp. 1591-1604.

*Dawes, Robyn and Richard Thaler. "Anomalies: Cooperation." *Journal of Economic Perspectives*, 1988, 2(3), pp. 187-197.

Duffy, John and Jack Ochs. "Cooperative Behavior and the Frequency of Social Interaction." *Games and Economic Behavior*, 2009, 66, pp. 785-812.

Ellison, G. "Cooperation in the Prisoner's Dilemma with Anonymous Random Matching." *Review of Economic Studies*, 1994, 61(3), pp. 567-588.

Kreps, David, Paul Milgrom, John Roberts, and Robert Wilson. "Rational cooperation in the finitely repeated prisoners' dilemma." *Journal of Economic Theory*, 1982, 27(2), pp. 245-252.

Selten, R. and R. Stoecker. "End Behavior in Sequences of Finite Prisoner's Dilemma Supergames: A Learning Theory Approach." *Journal of Economic Behavior and Organization*, 1986, 7(1), pp. 47-70.

6. Coordination

*Holt, chapters 3.3 and 26.

Ochs, Jack. Coordination. In Kagel and Roth.

Blume, Andreas and Andreas Ortmann. "The effects of costless pre-play communication: Experimental evidence from games with Pareto-ranked equilibria." *Journal of Economic Theory*, 132, 2007, 274- 290.

*Goeree, Jacob and Charles Holt. "An Experimental Study of Costly Coordination." *Games and Economic Behavior*, 2005, 51(2), pp. 349-364.

Cooper, Russell W., Douglas V. DeJong, Robert Forsythe and Thomas Ross. "Communication in the Battle of the Sexes Game: Some Experimental Results." *RAND Journal of Economics*, 1989, 20(4), pp. 568-587.

Cooper, Russell W., Douglas V. DeJong, Robert Forsythe and Thomas Ross. "Selection Criteria in Coordination Games: Some Experimental Results." *American Economic Review*, 1990, 80(1), pp. 218-33.

Cooper, Russell W., Douglas V. DeJong, Robert Forsythe and Thomas Ross. "Communication in Coordination Games." *Quarterly Journal of Economics*, 1992, 107(2), pp. 739-771.

Riedl, Arno, Ingrid Rohde and Martin Strobel. "Efficient Coordination in Weakest Link Games through Freedom of Partner Choice." Unpublished manuscript, 2011a.

Riedl, Arno, Ingrid Rohde and Martin Strobel. "Neighborhood Choice and Efficient Coordination." Unpublished manuscript, 2011b.

Schotter, Andy and Barry Sopher. "Social Learning and Convention Creation in Inter-Generational Games: An Experimental Study." *Journal of Political Economy*, 2003, 111(3), pp. 498-529.

* Van Huyck, John B., Raymond C. Battalio and Richard O. Beil. "Tacit Coordination Games, Strategic Uncertainty, and Coordination Failure." *American Economic Review*, 1990, 80(1), pp. 234-48.

Van Huyck, John B., Raymond C. Battalio and Richard O. Beil. "Strategic Uncertainty, Equilibrium Selection, and Coordination Failure in Average Opinion Games." *Quarterly Journal of Economics*, 1991, 106(3), pp. 885-910.

Van Huyck, John B., Raymond C. Battalio and Richard O. Beil. "Asset Markets as an Equilibrium Selection Mechanism: Coordination Failure, Game Form Auctions, and Tacit Communication." *Games and Economic Behavior*, 1993, 5, pp. 485-504.

Van Huyck, John B., John M. Wildenthal and Raymond C. Battalio. "Tacit Cooperation, Strategic Uncertainty, and Coordination Failure: Evidence From Repeated Dominance Solvable Games." *Games and Economic Behavior*, 2002, 38(1), pp. 156-175.

Weber, Roberto. "Managing Growth to Achieve Efficient Coordination in Large Groups." *American Economic Review*, 2006, 96 (1), March, 114-126.

7. Guessing

*Holt, chapter 3.4.

Moulin, Herve. *Game Theory for Social Sciences*. New York: New York Press, 1986.

*Nagel, Rosemarie. "Unraveling in Guessing Games: An Experimental Study." *American Economic Review*, 1995, 85(5), pp. 1313-1326.

8. Public Goods

*Holt, chapters 14 and 15.

Ledyard, John. "Public Goods: A Survey of Experimental Research." Chapter 2 in Kagel and Roth (1995).

a. Voluntary Contribution Mechanism

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b. Provision Point

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3. Social preferences: universal or responding to circumstances?

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*Della Vigna, S., and U. Malmendier. 2006. "Paying not to go to the gym." *American Economic Review* 96:694–719.

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6. Commitment devices

Bryan, Gharad, Dean Karlan, and Scott Nelson. n.d. "Commitment Devices." <http://karlan.yale.edu/p/CommitmentDevices-AnnualReview-v32.pdf> (Accessed November 14, 2009).

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*Bauer, M., J. Chytilová, and J. Morduch. Forthcoming. "Behavioral foundations of microcredit: Experimental and survey evidence from rural India." *American Economic Review*.

7. Determinants of time discounting

*Harrison, G. W, M. I Lau, and M. B Williams. 2002. "Estimating individual discount rates in Denmark: A field experiment." *American Economic Review* 1606–1617.

*Sunde, U., T. Dohmen, A. Falk, and D. Huffman. 2010. "Are Risk Aversion and Impatience Related to Cognitive Ability?." *American Economic Review* 100:1238–1260.

*Bauer, M., and J. Chytilová. 2010. "The impact of education on subjective discount rate in Ugandan villages." *Economic Development and Cultural Change* 58:643–669.

Bauer, M., and J. Chytilová. 2009. "Women, children and patience: experimental evidence from Indian villages." IZA Discussion paper n. 4241.

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8. Discrimination: preference-based or statistical?

*Bartos, V., Bauer, M., Chytilova, J. and Matejka F. 2012. Attention discrimination: Theory and Natural field experiments. Mimeo.

Bauer, Fiala and Levely (work in progress): Trust and re-integration of former child soldiers in Northern Uganda.

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*Bertrand, M., and S. Mullainathan. 2004. "Are Emily and Greg more employable than Lakisha and Jamal? A field experiment on labor market discrimination." *American economic review* 94:991–1013.

* Gneezy, U., J. List, and M. K. Price. Toward an Understanding of Why People Discriminate: Evidence from a Series of Natural Field Experiments. National Bureau of Economic Research.

Ahmed, A. M, L. Andersson, and M. Hammarstedt. n.d. "Can discrimination in the housing market be reduced by increasing the information about the applicants?."

Ahmed, A. M, and M. Hammarstedt. 2008. "Discrimination in the rental housing market: a field experiment on the internet." *Journal of Urban Economics* 64:362–372.

Doleac, J. L, L. C.D Stein, and L. E Building. 2010. "The Visible Hand: Race and Online Market Outcomes." Unpublished manuscript.

9. Discrimination in social psychology

*Bertrand, M., D. Chugh, and S. Mullainathan. 2005. "Implicit discrimination." *American Economic Review* 95:94–98.

Beaman, L., R. Chattopadhyay, E. Duflo, R. Pande, and P. Topalova. 2008. "Powerful Women: Does Exposure Reduce Prejudice?." *Quarterly Journal of Economics*, forthcoming.

*Hoff, Karla, and Priyanka Pandey. 2006. "Discrimination, Social Identity, and Durable Inequalities." *The American Economic Review* 96:206-211.

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10. Adverse selection and moral hazard (if time allows)

*Karlan, D., and J. Zinman. 2009. "Observing unobservables: Identifying information asymmetries with a consumer credit field experiment." *Econometrica* 77:1993–2008.

*Karlan, D., and X. Giné. 2007. "Group versus individual liability: a field experiment in the Philippines." Unpublished manuscript.

Karlan, D. S. 2005. "Using experimental economics to measure social capital and predict financial decisions." *American Economic Review* 95:1688–1699.

Giné, X., P. Jakiela, D. Karlan, and J. Morduch. 2010. "Microfinance games." *American Economic Journal: Applied Economics* 2:60–95.

11. The role of prices in social programs (if time allows)

*Ashraf, N., J. N Berry, and J. M Shapiro. 2007. "Can higher prices stimulate product use? Evidence from a field experiment in Zambia." NBER Working Paper.

Cohen, J., and P. Dupas. 2010. "Free Distribution or Cost-Sharing? Evidence from a Randomized Malaria Prevention Experiment." *Quarterly Journal of Economics* 125:1–45.

*Hoffmann, V. 2008. "Psychology, gender, and the intrahousehold allocation of free and purchased mosquito nets." University of Maryland Department of Agricultural and Resource Economics Working Paper 08–15.

MACRO TOPICS II / Part I

Lecturer:

Marek Kapička

(Marek.Kapicka@cerge-ei.cz; office 328, phone 236)

Teaching assistant:

Office hours:

Monday and Wednesday at 10:00-11:00

Course information

This course will studies issues in dynamic social insurance. We will study economies where the underlying information structure is explicitly specified, and all tax instruments arise endogenously. We will discuss optimal capital and income taxation, optimal estate taxes and other applications.

We will also discuss other topics, such as long run properties of the efficient allocations, efficient allocations with persistent private information and the implications of hidden savings and endogenous insurance markets.

Course outline

- ✓ Static Optimal Labor Taxation
- ✓ Production Efficiency
- ✓ Dynamic Capital and Labor Taxation
- ✓ Long Run Properties of the Optima
- ✓ Persistent Private Information
- ✓ Hidden Savings

Requirements and grading

Grades will be based on student's performance in final exam, problem sets, and an oral presentation.

Problem sets 20%

Final exam 30%

Oral presentation 50%

The oral presentation will be devoted to a specific paper. Any paper marked by (R) below can be chosen for presentation.

Reading list

1. Static Optimal Labor Taxation

James A. Mirrlees. An exploration in the theory of optimum income taxation. *The Review of Economic Studies*, 38:175-208, 1971.

Peter A. Diamond. Optimal income taxation: an example with a U-shaped pattern of optimal marginal tax rates. *American Economic Review*, 88:83-95, 1998.

(R) Emmanuel Saez. Using elasticities to derive optimal income tax rates. *The Review of Economic Studies*, 68:205-229, 2001.

Gregory N. Mankiw and Matthew Weinzierl. The optimal taxation of height: A case study of utilitarian income redistribution. *American Economic Journal: Economic Policy*, 2(1):155-76, February 2010.

(R) Florian Scheuer and Casey Rothschild. Redistributive taxation in the Roy model. Working paper, Stanford University, 2012.

Florian Scheuer and Casey Rothschild. Optimal taxation with rent-seeking. Working paper, Stanford University, 2012.

(R) Peter Diamond. Income taxation with fixed hours of work. *Journal of Public Economics*, 13(1):101-110, 1980.

(R) Emmanuel Saez, Stefanie Stancheva, and Thomas Piketty. Optimal taxation of top labor incomes: A tale of three elasticities. *American Economic Journal: Economic Policy*, 2013.

2. Production Efficiency

Peter A. Diamond and James A. Mirrlees. Optimal taxation and public production I: Production efficiency. *American Economic Review*, 61(1): pp. 8-27, 1971.

3. Dynamic Capital and Labor Taxation

Christophe Chamley. Optimal taxation of capital income in general equilibrium with infinite lives. *Econometrica*, 54(3):607-622, 1986.

Kenneth L. Judd. Redistributive taxation in a simple perfect foresight model. *Journal of Public Economics*, 28(1):59-83, 1985.

(R) Andres Erosa and Martin Gervais. Optimal taxation in life-cycle economies. *Journal of Economic Theory*, 105(2):338-369, 2002.

Narayana R. Kocherlakota. *The New Dynamic Public Finance*. Princeton University Press, 2010.

Mikhail Golosov, Aleh Tsyvinski, and Iv_an Werning. *New dynamic public finance: a user's guide*. NBER Macroeconomic Annual, 2006.

Mikhail Golosov, Narayana R. Kocherlakota, and Aleh Tsyvinski. Optimal indirect and capital taxation. *The Review of Economic Studies*, 70:569-587, 2003.

Narayana R. Kocherlakota. Zero expected wealth taxes: A Mirrless approach to dynamic optimal taxation. *Econometrica*, 73:1587-1621, 2005.

(R) Emmanuel Farhi and Iv_an Werning. Capital taxation: Quantitative explorations of the inverse Euler equation. Working paper, MIT, 2007.

Stefania Albanesi and Christopher Sleet. Dynamic optimal taxation with private information. *The Review of Economic Studies*, 73(1):1-30, 2006.

(R) Mikhail Golosov and Aleh Tsyvinski. Designing optimal disability insurance: A case for asset testing. *Journal of Political Economy*, 114:257-279, 2006.

(R) Borys Grochulski and Narayana R. Kocherlakota. Nonseparable preferences and optimal social security systems. Working paper, Federal Reserve Bank of Minneapolis, 2008.

Marek Kapicka. The dynamics of optimal taxation when human capital is endogenous. Working paper, UC Santa Barbara, 2013.

(R) Borys Grochulski and Thomas Piskorski. Risky human capital and deferred capital income taxation. *Journal of Economic Theory*, 145(3):908-943, 2010.

(R) Matthew C. Weinzierl. The surprising power of age-dependent taxes. *The Review of Economic Studies*, 78:1-29, 2011.

Marco Battaglini and Stephen Coate. Pareto efficient income taxation with stochastic abilities. *Journal of Public Economics*, 92(3-4):844-868, 2008.

(R) Emmanuel Farhi and Ivan Werning. Insurance and taxation over the life-cycle. *Review of Economic Studies*, 80:596-635, 2012.

(R) Mikhail Golosov, Aleh Tsyvinski, and Maxim Troshkin. Optimal dynamic taxes. Working paper, Yale University, 2011.

4. Long Run Properties of the Optima

J. Thomas and T. Worrall. Income fluctuations and asymmetric information: An example of the repeated principal agent problem. *Journal of Economic Theory*, 51:367-390, 1990.

Edward J. Green. Lending and the smoothing of uninsurable income. In E. Prescott and N. Wallace, editors, *Contractual Arrangements for Intertemporal Trade*. Minneapolis: University of Minnesota Press, 1987.

Andrew Atkeson and Robert E. Lucas, Jr. On efficient distribution with private information. *The Review of Economic Studies*, 59:427-453, 1992.

(R) Andrew Atkeson and Robert E. Lucas, Jr. Efficiency and equality in a simple model of efficient unemployment insurance. *Journal of Economic Theory*, 66:64-98, 1995.

(R) Emmanuel Farhi and Ivan Werning. Inequality and social discounting. *Journal of Political Economy*, 115(1):365-402, 2005.

5. Persistent Private Information

Ana Fernandes and Christopher Phelan. A recursive formulation for repeated agency with history dependence. *Journal of Economic Theory*, 91(2):223-247, 2000.

(R) Yuzhe Zhang. Dynamic contracting, persistent shocks and optimal taxation. *Journal of Economic Theory*, 144:635-675, 2009.

Marek Kapicka. Efficient allocations in dynamic private information economies with persistent shocks: A first-order approach. *Review of Economic Studies*, 2013.

(R) Kenichi Fukushima and Yuichiro Waki. Computing dynamic optimal mechanisms when hidden types are Markov. Working paper, University of Minnesota, 2011.

6. Hidden Savings

Harold L. Cole and Narayana R. Kocherlakota. efficient allocations with hidden income and hidden storage. *The Review of Economic Studies*, 68:523-542, 2001.

(R) Alberto Bisin and Adriano Rampini. Markets as beneficial constraints on the government. *Journal of Public Economics*, 90:601-629, 2006.

Narayana R. Kocherlakota. Figuring out the impact of hidden savings on optimal unemployment insurance. *Review of Economic Dynamics*, 7(3):541-554, July 2004.

Ivan Werning. Moral hazard with unobserved endowments: A recursive approach. Working paper, University of Chicago, 2001.

(R) Arpad Abraham, Sebastian Koehne, and Nicola Pavoni. On the first order approach in principal-agent models with hidden borrowing and lending. *Journal of Economic Theory*, 146:1331-1361, 2011.

MACRO TOPICS II / Part II

Lecturer:

Byeongju Jeong

(Byeongju.Jeong@cerge-ei.cz; office 321, phone 233)

Teaching assistant:

Office hours:

TBA

Course information

We will study some macro topics. Listed below are the main references in the order of discussion. You are strongly advised to read the papers/chapters in advance of lectures since the lectures will build on the basic understanding of the papers/chapters.

Requirements and grading

The grade is based on the final exam (two thirds) and occasional home problems (one third).

Reading list

Gennaioli, N., La Porta, R., Lopez-de-Silanes, F., and Shleifer, A. (2013), "Human Capital and Regional Development," *Quarterly Journal of Economics* 128: 105-164.

Besley, T. and Persson, T. (2011), Chapters 2 to 5, *Pillars of Prosperity*, published by Princeton University Press.

Piketty, T., Saez, E., and Stantcheva, S. (2013), "Optimal Taxation of Top Labor Incomes: A Tale of Three Elasticities," forthcoming in *American Economic Journal: Economic Policy*.

Piketty, T. and Saez, E. (2013), "A Theory of Optimal Inheritance Taxation," *Econometrica* 81: 1851-1886.

Helpman, E., Itskhoki, O., and Redding, S. (2013), "Trade and Inequality: From Theory to Estimation," Manuscript.

Nunn, N. and Trefler, D. (2010), "The Structure of Tariffs and Long-Term Growth," *American Economic Journal: Macroeconomics* 2: 158-194.

Caballero, R., Farhi, E., and Gourinchas, P. (2008), "An Equilibrium Model of "Global Imbalances" and Low Interest Rates," *American Economic Review* 98: 358-393.

COMBINED SKILLS 1

Lecturers:

Andrea Downing

(Andrea.Downing@cerge-ei.cz; office 124, phone 113)

Robin-Eliece Mercury

(Robin-Eliece.Mercury@cerge-ei.cz; office 311, phone 189)

Deborah Nováková

(Deborah.Novakova@cerge-ei.cz; office 309, phone 197)

Office hours:

TBA

Course information

The semester will consist of two components:

Career Skills and Critical Literature Review Writing & Presenting.

Career Skills

Emphasis will be on correspondence including CV and cover letter writing, and statements of motivation. General interview skills will also be covered.

Critical Literature Review: Producing a written text and presenting it orally

The main aim of this course is to provide an opportunity for students to produce a critical literature review that will form part of a larger piece of academic research; this could be a research paper, research proposal, term paper, dissertation proposal etc.

The final course product will be agreed upon between individual students and the course tutor.

The following areas will be covered:

- ✓ objective critical analysis of various sources
- ✓ the development of research questions from analysis of sources
- ✓ synthesizing and organizing sources thematically
- ✓ organization/coherence/cohesion
- ✓ effective presentation skills

Requirements and grading

Career Skills Assignments	20%
Presentation	40%
Critical Literature Review	40%

When relevant, updates that supersede this hardcopy can be found on the internal pages of the website at: https://iweb.cerge-ei.cz/phd/prog_details/coursebook/

III. PROFESSORS AND LECTURERS TEACHING IN THE SPRING SEMESTER 2014

PhDr. Michal Bauer, Ph.D.

Assistant Professor

Email: Michal.Bauer@cerge-ei.cz

Webpage: <http://home.cerge-ei.cz/bauer>

Michal Bauer is an Assistant Professor at CERGE-EI (under US permanent charter) since September 2010 and a Researcher at the Economics Institute of the Academy of Sciences of the Czech Republic since September 2011. His other affiliations include an Assistant Professor at the Institute of Economic Studies, Charles University in Prague (where he earned his Ph.D. degree in 2009) and IZA Research Fellow. In 2007–8, he was a Fulbright visiting scholar at New York University.

Research orientation:

His research interests are in the areas of development microeconomics, experimental economics, and behavioral economics. His recent work focuses on microfinance, conflict and social preferences, discrimination and formation of preferences. He has conducted field experiments on related topics in Uganda, India, the Republic of Georgia, Sierra Leone and the Czech Republic.

Andrea Downing, Ph.D.

Academic Skills Center

Email: Andrea.Downing@cerge-ei.cz

Andrea Downing is teaching at CERGE-EI since September 2012. Received her Ph.D. in Economic and Social History from the University of Liverpool, UK in 1998 and M.A. in Research Methods in the Social Sciences from the University of Liverpool, UK in 1993. She worked as a Lecturer at the Metropolitan University in Prague from 2010 to 2012. She was also working as a Teacher Trainer at the Metropolitan University in Prague from 2010 to 2011, where she designed and delivered pedagogic training to aspiring and in-service Czech teachers of English. From September 2004 to June 2005 she was an Associate Professor and a Chair of Foundation Studies at Sur University College in Oman. Her research interests include multiple intelligences and learner autonomy and observing the observer in teaching development.

Byeongju Jeong, Ph.D.

Mellon Endowment Associate Professor with Tenure

Email: Byeongju.Jeong@cerge-ei.cz

Webpage: <http://home.cerge-ei.cz/bee>

Byeongju Jeong is the Mellon Endowment Associate Professor with tenure at CERGE-EI (under US permanent charter) and a member of the Executive and Supervisory Committee of CERGE-EI since

2003. He is also an Assistant Professor at CERGE, Charles University and a Researcher at the Economics Institute of the Academy of Sciences of the Czech Republic (EI) since 1997. He served as the Deputy Director for Graduate Studies at CERGE and EI from 2010 to 2012. Graduated from the University of Texas with a B.A. degree in Economics in 1991. Received a M.A. in Economics from the University of Minnesota in 1994, and a Ph.D. in Economics from the University of Minnesota in 1996. Lecturer at Pennsylvania State University from 1996 to 1997. Visiting professor at Universitat Pompeu Fabra in Barcelona from 2003 to 2004.

Research orientation:

Growth and development, macro labor, international macro.

Marek Kapička, Ph.D.

Associate Professor with Tenure

Email: Marek.Kapicka@cerge-ei.cz

Marek Kapička has been an Associate Professor with tenure at CERGE-EI (under U.S. permanent charter) since September 2013. Marek has been an Assistant Professor at CERGE, Charles University since September 2013, Researcher, February-August 2013. He has also been a Senior Researcher at the Economics Institute of the Academy of Sciences of the Czech Republic since July 2013. Since September 2013 he has served as the Deputy Director for Research of CERGE and EI. He was awarded the J. E. Purkyně Fellowship by the Academy of Sciences of the Czech Republic in 2012. He received his M.A. in Economics from the Charles University in 1998 and Ph.D. in Economics from the University of Chicago in 2003. Since 2012 he has been an Associate Professor (on leave) at the University of California in Santa Barbara. In 2003, he won the Young Economist Award organized by EEA, Stockholm. He has published in journals such as Review of Economic Studies, Journal of Monetary Economics, Review of Economic Dynamics or American Economic Journal in Macroeconomics.

Research orientation:

Macroeconomics, public finance, economic theory, contract theory.

Peter Katuščák, Ph.D.

Assistant Professor

Email: Peter.Katuscak@cerge-ei.cz

Webpage: <http://home.cerge-ei.cz/peter/>

Peter Katuščák is an Assistant Professor at CERGE-EI (under US permanent charter), an Assistant Professor at CERGE, Charles University and a Researcher at the Economics Institute of the Academy of Sciences of the Czech Republic since 2004. Earned his bachelor's (1996) and master's (1999) degrees in Business from the Faculty of Management, Comenius University, Bratislava, Slovakia; M.A. degree in Economics (1998) from Central European University in Budapest, Hungary; and M.A. (2000) and Ph.D. (2004) degrees in Economics from the University of Michigan. In 2005–2006, Visiting Assistant Professor at University of California in San Diego, Department of Economics. Recipient of Open Society Fund Scholarship (1996–1998), Rackham Graduate School Grant (1998–1999), Moore Dissertation Research Prize (2003), and Rackham Dissertation Fellowship (2003) from the University of Michigan; NBER Fellowship for the Study of Non-Profit Institutions (2003); and National Tax Association Dissertation Honorable Mention (2004).

Research Orientation:

Applied microeconomics, (experimental economics, public economics, behavioral economics, incentive contracting).

Robin-Eliece Mercury, B.A. (Hons), M.Ed.

Academic Skills Center

Email: Robin-Eliece.Mercury@cerge-ei.cz

Graduated in 1995 from the Faculty of Education at McGill University, Montréal, Canada. Her degree is in Education in Second Languages specializing in academic writing and rhetoric, and in Canada, she taught in Vancouver, at Capilano University in its Intensive ESL Programme (January 2002 – September 2003). In addition to her eight years at CERGE-EI (September 2004 – to the present), Robin-Eliece Mercury's experience includes teaching in the Far East—academic writing and critical thinking at International Christian University, Tokyo (April 1999 – March 2001) and academic writing and communications at Kanda University of International Studies, Chiba, Japan (April 1995 – March 1999). Linguistics research areas of interest include critical thinking: from theory to practice and the language learning effects of sustained content teaching. Robin-Eliece's amateur interests have also resulted in her attaining the final level of professional qualification at the Wine and Spirit Educational Trust, London, the UK. Having completed her Level-5 diploma requirements, she is qualified to research in the marketing, production, and policy-making/legal sectors of the alcoholic beverage industry.

Nikolas Mittag, Ph.D.

Assistant Professor

Email: Nikolas.Mittag@cerge-ei.cz

Nikolas Mittag has been an Assistant Professor at CERGE-EI (under U.S. permanent charter) as of September 2013 and an Assistant Professor at CERGE, Charles University, since July 2013. He has also worked as a Researcher at the Economics Institute of the Academy of Sciences of the Czech Republic from September 2013. He received his B.A. degree in Philosophy & Economics from the University of Bayreuth (2007) and his Ph.D. in Public Policy Studies from the Harris School of Public Policy at the University of Chicago. He was a fellow (Program on Political Institutions) at the Harris School of Public Policy in 2009 and received a dissertation fellowship from the U.S. Census Bureau, USA (2011-2013).

Research orientation:

Applied econometrics, microeconomics, public economics, program evaluation.

Deborah Nováková, M.A.

Academic Skills Center

Email: Deborah.Novakova@cerge-ei.cz

Deborah Nováková is teaching at CERGE-EI beginning in August 2012. She received her M.A. in TEFL/TESL from the University of Birmingham, UK in 2007. From October 2007 to October 2010 she was working as an Instructor, course coordinator, curriculum developer and a professional development facilitator at Maastricht University Language Centre in Netherlands. She was also at Maastricht University from 2001-2003. During the years 2003 to 2007 she was working as an Instructor, curriculum developer and an editor at the Southern Alberta Institute of Technology in Calgary, Canada, where she worked on both domestic and international projects. Her research interests include curriculum design, teacher training and professional development, successful intercultural communication in international contexts, student-centred learning approaches and methods, successful team-building in classroom and teaching in team contexts.

Michal Pakoš, Ph.D.

Assistant Professor

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Michal Pakoš is an Assistant Professor at CERGE-EI (under US permanent charter) and at CERGE, Charles University since September 2011 and a Researcher at the Economics Institute of the Academy of Sciences of the Czech Republic since August 2009. Earned his MA. degree in Economics (2000/Hons) from the Central European University, Hungary and his Ph.D. degree in Finance (2005) from the Booth School of Business at the University of Chicago, USA.

Research orientation:

Empirical macroeconomics, asset pricing.

Mariola Pytlíková, Ph.D.

Email: Marp@asb.dk

Dr. Mariola Pytlíková is a Senior Researcher at VSB Technical University Ostrava and is currently on leave from her Senior Researcher position at KORA Copenhagen, the Danish Institute of Governmental Research. Previously she worked as an Assistant Professor and Postdoctoral Researcher at Aarhus University. She received her PhD from the same institution in 2006. In the past she has held visiting stays at Princeton University, University of Illinois at Chicago, University of Modena and Reggio Emilia and Universitat Pompeu Fabra in Barcelona. Mariola's research interests are in the field of labor economics and industrial relations, in particular topics dealing with causes and consequences of international migration and ethnic labor diversity, wage structures and labor market dynamics, gender differentials on the labor market, and income inequality. She has published in outlets such as the European Economic Review, Journal of Population Economics, the Economics of Transition and Labour.

Prof. Avner Shaked, Ph.D.

Visiting Professor, Bonn University

Email: shaked@uni-bonn.de

Avner Shaked is a Visiting Professor at CERGE-EI since 1998. Since May 2000 member of the Executive and Supervisory Committee of CERGE-EI. State Street Distinguished Visiting Professor at CERGE-EI since Fall 2001 to Spring 2009. Earned a B.Sc. from Hebrew University, Jerusalem in Mathematics and Physics in 1964. Holds a M.Sc. (1965) from Hebrew University, Jerusalem in Mathematical Logic. In 1972 earned his Ph.D. degree in Economics from Hebrew University, Jerusalem. Since 1989 Professor of Economic Theory, Bonn University, Germany. Since February 2009 a Professor emeritus in Bonn (retired). 1982–1993 member of the Editorial Board of the Review of Economic Studies; 1982–1987 Secretary Organizer of the Workshop in Theoretical Economics, STICERD, London School of Economics; 1983–1989 London Coordinator of the European Doctoral Program; 1988–1991 Associate Editor of The Quarterly Journal of Economics; 1993–1995 Associate Editor of the Journal of Economic Theory; since 1992 a Fellow of Econometric Society.

Research orientation:

Bounded rationality, learning theory, evolutionary theory, experimental game theory, theoretical industrial organization, bargaining theory.

Doc. Krešimir Žigić, PhD.

Citigroup Endowment Associate Professor with Tenure

Email: Kresimir.Zigic@cerge-ei.cz

Krešimir Žigić is the Citigroup Endowment Associate Professor with tenure at CERGE-EI (under US permanent charter) since 2007 and a member of the Executive and Supervisory Committee of CERGE-EI since 2004. He is a Docent (Associate Professor) at CERGE, Charles University since 2012 and a Researcher at the Economics Institute of the Academy of Sciences (EI) since 1993. Graduated from the Faculty of Economics, University of Zagreb, B.A. 1982, M.A. 1988. Ph.D. in Economics, CERGE-EI, 1996. Assistant Professor, CERGE, Charles University, 1996–2012. Deputy Director for Graduate Studies, CERGE and EI 1997–1999 and 2005–2008. At CERGE-EI (under US permanent charter) he was Philip Morris Associate Professor, Fall 2001 – Fall 2002, Altria Group Associate Professor, Spring 2003, and Associate Professor of European Economic Issues, Česká spořitelna Chair, Fall 2003 – Spring 2007. Financial Officer, Rade Koncar Corporation, Zagreb, 1982–1990. Lecturer, Central European University, 1994. Lecturer, World Bank and Joint Vienna Institute Comprehensive Course, 1993–2003.

Research orientation:

International trade, industrial organization, applied microeconomics.

IV. ACADEMIC CALENDAR 2013 – 2014

Academic Calendar for MA/PhD Program 2013/2014 (last update: 28 August 2013)

Month	September	October	November	December	January	February	March	April	May	June	July	August	
Week	2-6 9-13 16-20 23-27 30-4 7-11 14-18 21-25 28-1 4-8 11-15 18-22 25-29	2-6 9-13 16-20 23-27 30-3 7-11 14-18 21-25 28-1 4-8 11-15 18-22 25-29	2-6 9-13 16-20 23-27 30-3 7-11 14-18 21-25 28-1 4-8 11-15 18-22 25-29	2-6 9-13 16-20 23-27 30-3 7-11 14-18 21-25 28-1 4-8 11-15 18-22 25-29	2-6 9-13 16-20 23-27 30-3 7-11 14-18 21-25 28-1 4-8 11-15 18-22 25-29	2-6 9-13 16-20 23-27 30-3 7-11 14-18 21-25 28-1 4-8 11-15 18-22 25-29	2-6 9-13 16-20 23-27 30-3 7-11 14-18 21-25 28-1 4-8 11-15 18-22 25-29	2-6 9-13 16-20 23-27 30-3 7-11 14-18 21-25 28-1 4-8 11-15 18-22 25-29	2-6 9-13 16-20 23-27 30-3 7-11 14-18 21-25 28-1 4-8 11-15 18-22 25-29	2-6 9-13 16-20 23-27 30-3 7-11 14-18 21-25 28-1 4-8 11-15 18-22 25-29	2-6 9-13 16-20 23-27 30-3 7-11 14-18 21-25 28-1 4-8 11-15 18-22 25-29	2-6 9-13 16-20 23-27 30-3 7-11 14-18 21-25 28-1 4-8 11-15 18-22 25-29	2-6 9-13 16-20 23-27 30-3 7-11 14-18 21-25 28-1 4-8 11-15 18-22 25-29
1st year students	H	Fall Semester	Fall Semester	Holidays	Spring Semester	Spring Semester	Spring Semester	H	Summer Semester	Summer Semester		H	
2nd year students	H	Fall Semester	Fall Semester	Holidays	Spring Semester	Spring Semester	Spring Semester	H			RMS	H	
3rd and 4th year students	H	Research Seminar Series	Research Seminar Series	Holidays	Research Seminar Series	Research Seminar Series	Research Seminar Series	H	Research Seminar Series	Research Seminar Series		H	
Preparatory semester												Preparatory Semester	

A/D	add / drop period
G	general-exams week
F	final-exams week
M	midterm-exams week
U	make-up general-exams week
P	graduation ceremony
H	official CERGE holiday
DPW	dissertation proposal workshops week
DW	dissertation workshops week
*	DW and P timing is provisional, will be confirmed
*	public holidays (all official public holidays in the Czech Republic) - classes supposed to take place in these days will be re-scheduled:
	28 September - Czech Statehood Day (Saturday)
	28 October - Establishment of the Czechoslovak Republic (Monday)
	17 November - Freedom and Democracy Day (Sunday)
	24 December - Christmas Eve (Tuesday)
	25 December - Christmas Day (Wednesday)
	26 December - Christmas Day (Thursday)
	1 January - New Year's Day (Wednesday)
	21 April (Easter Monday)
	1 May - Labor Day (Thursday)
	8 May - Liberation from Fascism (Thursday)
	5 July - Cyril and Methodius (Saturday)
	6 July - Burning at Stake of Jan Hus (Sunday)

V. TEACHING SCHEDULE SPRING SEMESTER 2014

The schedules are subject to change.

Most recent versions are at https://iweb.cerge-i.cz/phd/prog_details/coursebook/

A. FIRST YEAR STUDENTS					
	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
08:30 – 10:00					
10:00 – 10:30	Coffee Break				
10:30 – 12:00		Micro II Katušćák 320	Micro II Katušćák 320		
12:00 – 13:30	Lunch Break				
13:30 – 15:00	Academic Writing I Downing 320	Econometrics I Katušćák 320	Econometrics I Katušćák 320	Academic Writing I Mercury, Downing 12, 320	
15:00 – 16:30	Macro II Jeong/Kapíćka 320	Academic Writing I Mercury 12	Macro II Jeong/Kapíćka 320		
16:30 – 18:00					

B. SECOND YEAR STUDENTS

	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
08:30 – 10:00		Combined Skills I <i>Mercury, Downing</i> 12, 8	Combined Skills I <i>Nováková</i> 12	Experimental Economics <i>Katuščák/Bauer</i> 3	
10:00 – 10:30			<i>Coffee Break</i>		
10:30 – 12:00		Combined Skills I <i>Mercury, Downing</i> 12, 8	Combined Skills I <i>Nováková</i> 12	Experimental Economics <i>Katuščák/Bauer</i> 3	Labor Economics <i>Münich/Pytlíková</i> 3
12:00 – 13:30			<i>Lunch Break</i>		
13:30 – 15:00	Econometrics IV <i>Mittag</i> 3	Econometrics IV <i>Mittag</i> 3	Industrial Organization <i>Shaked/Žigic</i> 3	Industrial Organization <i>Shaked/Žigic</i> 3	Labor Economics <i>Münich/Pytlíková</i> 3
15:00 – 16:30	Labor Economics <i>Münich/Pytlíková</i> 3	Macro Topics II <i>Kapička/Jeong</i> 3	Industrial Organization <i>Shaked/Žigic</i> 3	Macro Topics II <i>Kapička/Jeong</i> 3	Research Seminars
16:30 – 18:00	Research Seminars	Financial Markets II <i>Pakoš</i> 3	Financial Markets II <i>Pakoš</i> 3	Research Seminars	