

Department of Economics
Courses held in English – Winter semester 2005/06

II. Hauptstudium

2. Wahlveranstaltungen für Volkswirte

Strategic Action in Business and Government I

Vorlesung		Peitz, Martin	
Mo	wtl17.15-18.45	17.10.2005-06.02.2006	L 7, P044
Do	wtl17.15-18.45	20.10.2005-09.02.2006	L 7, P044

1. Time and location:

Lecture in the Winter Term 2005/06, 4 hours per week + practical exercises (2 hours per week, tba.)

2. First lecture:

October 17, 2005

3. Office hours:

see home page Prof. Stahl

4. Adressees:

The course is designed for advanced (and capable) students in the diploma studies program. It is also designed for 2nd year students in the doctoral program.

5. Prerequisites:

Successful participation in the micro sequence.

6. Grading:

Grading on the basis of a final exam (50 %); problem sets throughout the course (30%), class participation (20%).

The grading of students of the doctoral program is separate and has a different basis.

7. Concept for the course:

It is a too complex task to analyze strategic planning problems without an appropriate reduction to a more abstract environment. This makes a formal analysis very important and often essential. This course shall enable the student to gain such an understanding from a business and public policy perspective. Importantly, the student is not only expected to understand existing models but more general principles and mechanisms at work. Hence, models can be adapted to tackle concrete problems. Students are provided with a toolkit and are encouraged to think strategically. This course covers the fundamentals of industrial organization. These are complemented by case studies and background knowledge of competition policy.

This lecture is based on a newly developed didactic concept; it is part of a series of courses (which are otherwise offered by the chair of Professor Stahl), which is not restricted to the presentation and understanding of models, but culminates in the development of new models which provide answers to current strategic questions from a business or public policy perspective.

The course will be offered in English (unless there is a strong demand for German). This facilitates the access to the original literature. The course is demanding and requires an active participation of the students.

8. Literature:

There are a number of helpful introductory textbooks available. In particular,

Cabral, L.M. (2000): Introduction to Industrial Organization, Cambridge, MA: MIT Press.

Is compact and good to read. You may also want to consult

Pepall, L., D. Richards und G. Normann (2002): Industrial Organization: Contemporary Theory and Practice, Mason, OH: South-Western Thomson Learning (or later edition).

These two books are organized well but cover only elementary material. I therefore recommend, in addition, the following two books:

Tirole, J. (1988): The Theory of Industrial Organization, Cambridge, MA: MIT Press, a German translation is also available from Oldenbourg (1994). This book is a classic and much more demanding than the two books recommended above. Some topics are missing or not up-to-date.

Motta, M. (2003): Competition Policy: Theory and Practice, Cambridge, UK. This book covers only some of the topics, but it covers most aspects of competition policy.

Anybody who wants to improve or refresh his or her knowledge of game theory may want to consult the corresponding chapter in Tirole (1998) or the book

Gibbons, R. (1992), A Primer in Game Theory, Harvester Wheatsheaf (identical to: Game Theory for Applied Economists, Princeton University Press).

Working papers and articles will be recommended for doctoral students. Lecture notes to some of the course topics will be made available.

9. Organization of the course:

1. Introduction (the theory of the firm, monopoly and competition, welfare analysis)
2. Imperfect Competition
3. Market Segmentation
4. Asymmetric Information
5. Entry and Exit
6. Cartels, Collusion and Mergers
7. Vertically Related Markets
8. R&D
9. Network effects and standards
10. Intermediation

Course title: Strategisches Handeln in Wirtschaft und Politik I

Instructor: Dr. Martin Peitz

Method (hours per week): lecture (4) + practical exercises (2)

Examination: final exam, problem sets, class participation

ECTS-Credits: 11

Course description: It is a too complex task to analyze strategic planning problems without an appropriate reduction to a more abstract environment. This makes a formal analysis very important and often essential. This course shall enable the student to gain such an understanding from a business and public policy perspective. Importantly, the student is not only expected to understand existing models but more general principles and mechanisms at work. Hence, models can be adapted to tackle concrete problems.

Students are provided with a toolkit and are encouraged to think strategically. This course covers the fundamentals of industrial organization. These are complemented by case studies and background knowledge of competition policy. This lecture is based on a newly developed didactic concept; it is part of a series of courses (which are otherwise offered by the chair of Professor Stahl), which is not restricted to the presentation and understanding of models, but culminates in the development of new models which provide answers to current strategic questions from a business or public policy perspective. The course will be

offered in English (unless there is a strong demand for German). This facilitates the access to the original literature. The course is demanding and requires an active participation of the students.

Contact person: Dr. Martin Peitz, Tel. 181-1877, e-mail: peitz@bigfoot.de

Seminar zu Strategic Action in Business and Government I

Seminar

Stahl, Konrad

Raum und Zeit siehe Aushang

Rall, Wilhelm

TIME AND LOCATION: Block Seminar at end of Semester

ORGANISATIONAL MEETING tba

OFFICE HOURS Stahl: tba; Rall: tba

ADRESSEES:

The seminar is part of the course sequence under the same title, as well as part of the elective in business studies under the title "Information and Competition". First and second year doctoral students are especially welcome.

PREREQUISITES:

Micro Economics I-III, Strategic Action in Business and Government (SABG) I.

GRADES:

Presentation (30%)

Class Participation (30%)

Paper (40%)

CONCEPT:

The seminar serves the purpose to bring the theory developed in SABG I to selected data. Last year, we have introduced five subject areas. In each subject area (net of subject area 1 where students were asked to find the evidence themselves) we presented case evidence developed at the McKinsey research office. The students were asked to relate this evidence to the theories developed in SABG I.

The following topics were discussed:

1. Rationalising the Deutsche Bundesbahn's Pricing Structure
2. Product Positioning and Pricing of Chocolate Bars
3. Brand Positioning of Automotive Producers
4. Pre-Merger Strategic Behaviour in the Chemical Industry
5. Pricing of Exotic Car Models in the Automotive Industry

Two students were given one topic.

This year's selection of topics will be announced at the organizational meeting.

Course title: Seminar zu Strategic Action in Business and Government I

Instructors: Prof. Konrad Stahl, Ph. D.; Prof. Dr. Wilhelm Rall

Method (hours per week): seminar (2)

Prerequisites: Mikroökonomik I - III, Strategisches Handeln in Wirtschaft und Politik I & II

ECTS-Credits: 6

Course description: The seminar serves to relate predictive results from the theory of industrial organisation to actual behavior. Towards this the students receive detailed case material. They will search for models leading to an explanation of behaviour observed in the case material.

Contact person: Prof. Konrad Stahl, Ph.D., Tel. 181-1875, kos@econ.uni-mannheim.de

Literature Seminar - Intellectual Property Rights

Seminar
Blockseminar am Ende des Wintersemesters

Stahl, Konrad
Müller, Elisabeth

TIME AND LOCATION Block seminar; before start of summer semester
(April 2006)

ORGANISATIONAL MEETING Monday, Nov 7, 15.30; in L7, room 1.47

OFFICE HOURS

Stahl: upon arrangement, kos@econ.uni-mannheim.de
Müller: upon arrangement, mueller@zew.de

ADRESSEES:

The seminar is part of the field "Applied Microeconomics" for economics students, and of "Information and Competition" for business students. First and second year doctoral students are also welcome to attend.

PREREQUISITES:

Microeconomics I-III

GRADING:

Presentation (30%), Class Participation (30%), Paper (40%).

CONCEPT:

This will be a pure literature seminar. Depending on the number of students, we will form study groups that will work on clusters of related papers. The study groups will present collectively their work within a block of two days (date tba). In lieu of a paper discussing the material, (doctoral) students are asked to write a referee report on one of the papers discussed in their study group.

LITERATURE:

Articles covering the following topics will be analyzed: Optimal patent length and breadth with discrete or cumulative innovations, the patent paradox, value of patents. The reading list will be available at the beginning of the winter semester. The literature for this seminar will be available for download at the internet site of Professor Stahl.

Course title: Literature Seminar - Intellectual Property Rights
Instructors: Prof. Konrad Stahl, Ph.D.; Elisabeth Müller, Ph.D.
Method (hours per week): seminar (2)
Prerequisites: Mikroökonomik I - III
ECTS-Credits: 6

Course description: Articles covering the following topics will be analyzed: Optimal patent length and breadth with discrete or cumulative innovations, the patent paradox, value of patents. The reading list will be available at the beginning of the winter semester. The literature for this seminar will be available for download at the internet site of Professor Stahl.

Contact person: Prof. Konrad Stahl, Ph.D., Tel. 181-1875, kos@econ.uni-mannheim.de

Corporate Finance for Economists II

Vorlesung
Di 14-tgl|13.45-15.15 18.10.2005-31.01.2006

Kalckreuth, Ulf von

L 7, 3-5
P044

Introductory literature: Copeland, Weston and Shastri: Financial Theory and Corporate Policy, 4th ed., Boston etc., Addison-Wesley, 2005; Ross, Westerfield and Jaffe: Corporate Finance, 7th ed., Boston etc., McGraw-Hill, De Matos: Theoretical Foundations of Corporate Finance, Princeton University Press, Princeton and Oxford, 2001; Hull: Options, Futures, and Other Derivatives, 5th ed., London etc., Prentice Hall, 2002.

Further reading will be assigned during the course.

Course title: Corporate Finance for Economists II

Instructor: Dr. Ulf von Kalckreuth

Method (hours per week): lecture (1)

Prerequisites: Vordiplom, a solid background in micro theory (at the Micro III level) and a basic understanding of econometrics.

Examination: 45-minute written exam

ECTS Credits: 2.5

Course description: This is the second part of a 2 semester introductory course on the real investment and finance decisions of private companies. The first sessions will be devoted to valuation problems, then we will consider issues arising from information asymmetry. Although the course naturally builds on the first part, newcomers should be able to follow with the help of the lecture notes. These are available on the dotLRN system. We will treat the following topics:

- (1) The Black and Scholes model of option pricing
- (2) Valuation of equity and the probability of default (Merton model)
- (3) The efficiency of capital markets
- (4) New equity
- (5) Dividend behaviour
- (6) Bank finance
- (7) Investment under financing constraints

We will cover theoretical and empirical aspects alike.

Contact person: Dr. Ulf von Kalckreuth, Deutsche Bundesbank, Economic Research Centre, Wilhelm-Epstein-Str. 14, 60431 Frankfurt/Main, Tel.: 069 9566 2217, E-mail: ulf.von-kalckreuth@bundesbank.de, Homepage: www.von-kalckreuth.de

International Monetary Relations

Vorlesung
Mo wtl|10.15-11.45 17.10.2005-06.02.2006

Schröder, Jürgen

L 7, 3-5
P043

Course Outline:

1. The Fundamentals of Money: National and International
2. The Gold Standard
3. Experience with Fixed Exchange Rates after World War Two
4. Why Fixed Exchange Rate Systems Collapse
5. The Exchange Rate System without Commitment
6. Modelling Nominal and Real Exchange Rate Variability
7. The Exchange Rate and Ricardo's Equivalence Theorem
8. Governments and the Exchange Rate Markets
9. Conditions for International Monetary Reform

Course title: International Monetary Relations

Method (hours per week): lecture (2)

Examination: written, 90 min.

ECTS-credits: 5

Course description: The aim of this course is to provide students with an analysis of the theory of international monetary relations. The course deals with the role of international

capital movements in different international monetary systems. It will be analyzed why fixed exchange rate systems have the tendency to collapse and why in a system of flexible exchange rates the nominal exchange rate can overshoot. Determinants of the real exchange rate will be discussed. The original sin as well as the conflicted virtue in international monetary relations will be analyzed. The costs and benefits of exchange rate variability will be discussed.

Contact person: Prof. Dr. Jürgen Schröder, Tel. 181-1806, jschroe@rumms.uni-mannheim.de, L 7, 3-5, 2nd floor, room 2.45, consultation: on appointment

International Financial Policy/Währungspolitik

Vorlesung

Vaubel, Roland

Mi 14-tgl 13.45-15.15 26.10.2005-01.02.2006

L 7, P043

Fr wtl 10.15-11.45 21.10.2005-10.02.2006

L 7, P044

Introductory literature:

Glismann, H.H., E.J. Horn, S. Nehring, R. Vaubel, Weltwirtschaftslehre I: Außenhandels- und Währungspolitik, UTB Vandenhoeck Nr. 1424, 4. Auflage, 1992. Willms, Manfred, Internationale Währungspolitik, 2. Aufl., Vahlen 1995. De Grauwe, Paul, International Money, Oxford 1989.

Course title: International Financial Policy/Währungspolitik

Instructor(s): Prof. Dr. Roland Vaubel

Method (hours per week): lecture (3)

Examination: written, 135 minutes

ECTS-Credits: 7

Course description: International Financial Policy

1. Foundations of exchange rate theory
2. Exchange rate policy and the international monetary system
3. European monetary integration
4. Official international liquidity
5. International capital movements and international debt

Contact person: Torsten Saadma, Tel. 181-1813, E-mail: saadma@rumms.uni-mannheim.de, L7, 3-5, room 2-10

Econometrics I

Vorlesung und Übung

Mammen, Enno

Fr wtl 10.15-11.45 28.10.2005-10.02.2006

Hoderlein, Stefan

L 7, P043

Fr wtl 13.45-15.15 21.10.2005-10.02.2006

Biewen, Martin

L 7, P043

Do wtl 10.15-11.45 27.10.2005-02.02.2006

L 7, P044

Course title: Econometrics I

Instructors: Prof. Dr. Enno Mammen, Stefan Hoderlein, Ph.D.

Method (hours per week): lecture (4) + practical exercises (2)

Prerequisites: Vordiplom

Examination: written, 180 min

ECTS-Credits: 11

Course description: This course provides an up-to-date presentation of econometric methods for the analysis of cross-sectional data, time-series data and panel data at the graduate-level. The course will discuss commonly used inference methods for linear and nonlinear specifications, including linear and nonlinear regression models, Maximum Likelihood estimation, instrumental variables regression, GMM estimation, and (Quasi-)Maximum Likelihood estimation, and qualitative and limited dependent variable models. The course covers the basic asymptotic distribution theory for nonlinear estimators. In the accompanying exercise sessions, the participants will practice the use of these methods using the econometric packages TSP and Stata. Prerequisites are the content of the course "Grundlagen der Ökonometrie" (Basic Econometrics) as well as basic knowledge in matrix algebra and probability theory.

Contact persons: Prof. Dr. Enno Mammen, Tel. 181-1927, eMail: emammen@rumms.uni-mannheim.de, L 7, 3-5, room 1.29/30; Stefan Hoderlein, Ph.D., Tel. 181-3333, eMail: e-Mail: stefan_hoderlein@yahoo.com, L7, 3-5, room 126.

Economics and Econometrics of Evaluation

Vorlesung

Boockmann, Bernhard

Do wtl10.15-11.45 20.10.2005-09.02.2006

A3, 009

Course title: Economics and Econometrics of Evaluation

Instructor: PD Dr. Bernhard Boockmann

Method (hours per week): lecture (2)

Examination: written, 90 minutes

ECTS-Credits: 5

Course description:

Part I: Evaluation methods

I.1 Principles of evaluation, parameters of interest

I.2 Social experiments

I.3 Matching

I.4 Instrumental variables

I.5 Longitudinal methods

I.6 Ex ante methods

I.7 Evaluations based on aggregate data

I.8 Cost-benefit analysis

Part II: Applications

II.1 Active labour market policy

II.2 Education and wages

II.3 Law enforcement and crime

A more complete outline and a list of readings will be published on the website

<http://www.vwl.uni-mannheim.de/vaubel/boockmann/boockmann.html>

Contact person: PD Dr. Bernhard Boockmann, ZEW, Tel. 1235-156, e-mail:

boockmann@zew.de

Computational methods in econom(etr)ics

Seminar

Schunk, Daniel

Raum und Zeit siehe Aushang

Ludwig, Alexander

Course title: Computational Methods in econom(etr)ics

Instructors: Alexander Ludwig, Daniel Schunk

Method (hours per week): seminar (2)

Prerequisites: Vordiplom

Examination: seminar paper, oral presentation

ECTS-Credits: 6

Course description: The seminar focuses on computational methods used in economics and econometrics. Seminar topics are distributed in the first weeks of the winter semester.

During the semester there will be several faculty presentations. Towards the end of the semester we will block sessions during which students will be presenting their results.

Contact person: Alexander Ludwig, Mannheim Research Institute for the Economics of Aging (MEA), L13,17, E-mail: ludwig@econ.uni-mannheim.de

Zeitreihenanalyse - Time Series Analysis

Vorlesung und Übung		Mammen, Enno	
Di	wtl13.45-15.15 18.10.2005-07.02.2006	Haag, Berthold	L 7, 031
Mi	wtl10.15-11.45 19.10.2005-08.02.2006	Conrad, Christian	L 7, 031
Fr	wtl12.00-13.30 21.10.2005-10.02.2006		L 7, 031

This course will be held in English on demand.

Course title: Zeitreihenanalyse

Instructors: Prof. Dr. E. Mammen, Dip.-Math. B. Haag, Dipl.-Vw. C. Conrad

Method (hours per week): lecture (4) + practical exercises (2)

Prerequisites: Statistik I und II

Examination: oral presentation

ECTS-Credits: 11

Course description: Time series, i.e. in time sequentially ordered observations, arise in all fields of economics, in particular in macro economics and finance. The course gives an introduction into the statistical analysis of time series. It starts with the classical theory of stationary time series (ARMA models, spectral density). It introduces into the theory of estimation, testing and model choice. In the second part of the course approaches will be discussed for nonstationary processes (integrated processes, unit root tests, cointegration). Additionally to the course theoretical and practical exercises are offered, where also real data sets from macro economics and finance will be analysed. An introduction into the used software will be given.

Contact persons: Prof. Dr. E. Mammen, Tel. 181-1927, e-Mail: emammen@rumms.uni-mannheim.de, L7, 3-5, room 129/30; Dipl.-Math. B. Haag, Tel. 181-1941, e-Mail: brhaag@rumms.uni-mannheim.de, L7, 3-5, room 131; Dipl.-Vw. C. Conrad, Tel. 181-1928, e-Mail: cconrad@rumms.uni-mannheim.de, L 7, 3-5, room 146.

Reading Group in Economic Theory

Seminar		Kübler, Felix	L 7, 3-5
Do	wtl17.30-19.00 20.10.2005-09.02.2006		P043

Seminar in Wirtschaftstheorie für fortgeschrittene Studenten des Hauptstudiums und Doktoranden zum Thema „Common knowledge“.

Reading group on 'Common knowledge'

Common knowledge is a phenomenon which underwrites much of social life. In order to communicate or otherwise coordinate their behavior successfully, individuals typically require mutual or common understandings or background knowledge. Aumann (1976) gives the first mathematically rigorous formulation of common knowledge using set theory. Following his work, many economists contributed to understanding the role of common knowledge in economics. We want to read some of the following papers.

References

- Aumann, Robert. 1976, "Agreeing to Disagree", Annals of Statistics 4, 1236-9.
- Aumann, R. 1995. "Backward Induction and Common Knowledge of Rationality", Games and Economic Behavior 8: 6-19.
- Bernheim, B. Douglas. 1984. "Rationalizable Strategic Behavior", Econometrica, 52: 1007-1028.
- Brandenburger, Adam. 1992. "Knowledge and Equilibrium in Games", Journal of Economic Perspectives 6: 83-101.
- Brandenburger, Adam, and Dekel, Eddie. 1987. "Common knowledge with Probability 1", Journal of Mathematical Economics 16, 237-245.
- Dekel, Eddie and Gul, Faruk. 1997. "Rationality and Knowledge," in Advances in Economics and Econometrics: Theory and Applications, D. M. Kreps and K. F. Wallis (eds.), Cambridge University Press,.
- Feinberg, Yossi, 2005, Subjective reasoning – dynamic games, Games and Economic Behavior 52, 54-93.

- Feinberg, Yossi, 2005, Subjective reasoning – solutions, Games and Economic Behavior 52, 93-132.
- Geanakoplos, John. 1994. "Common Knowledge", in Handbook of Game Theory, Volume 2, ed. Robert Aumann and Sergiu Hart. Elsevier Science B.V.: 1438-1496.
- McKelvey, Richard and Page, Talbot, "Common knowledge, consensus and aggregate information", Econometrica 54: 109-127.
- Milgrom, Paul. 1981. "An axiomatic characterization of common knowledge", Econometrica 49: 219-222.
- Monderer, Dov and Samet, Dov. 1989, "Approximating Common Knowledge with Common Beliefs", Games and Economic Behavior 1, 170-190.
- Reny, Philip. 1987. "Rationality, Common Knowledge, and the Theory of Games", working paper, Department of Economics, University of Western Ontario.
- Reny, Philip. 1992. "Rationality in Extensive Form Games", Journal of Economic Perspectives, 6: 103-118.

Microeconomics for PhD students

Vorlesung

Kübler, Felix

Di wtl10.15-11.45 25.10.2005-07.02.2006

L 7, P043

Mi wtl10.15-11.45 26.10.2005-08.02.2006

L 7, P043

Mikroökonomik

4 Stunden plus 2 Stunden Übung.

Dieser Kurs ist eine Einführung in die Mikrotheorie für Doktoranden.

Nur für Doktoranden. Interessenten aus dem Hauptstudium bitte an den Lehrenden wenden.

This class is a thorough introduction to microeconomic theory for PhD students.

The course covers choice and preferences, producer-and-consumer theory, choice under uncertainty, general equilibrium theory and normal form games.

Prerequisites: For first year PhD students only. Interested undergraduates by instructor's permission only.

Übung zur Vorlesung "Microeconomics for PhD students"

Übung

Kübler, Felix

Do wtl10.15-11.45 27.10.2005-09.02.2006

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