Courses offered in the ILADES-GU Program in Spring and Fall 2013

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ILADES – GEORGETOWN UNIVERSITY
Master of Arts in Economics

MICROECONOMICS I
ECIL 601
FALL 2013

PROF. LUCAS NAVARRO

Lucas Navarro is BA in Economics from Universidad Nacional de Córdoba (Argentina), and he has a Master of Arts in Economics from ILADES-Georgetown University and a Ph.D. in Economics from Georgetown University. He is a full time faculty member at ILADES. He previously held a full time position at Queen Mary, University of London. His areas of interest are labor macroeconomics, applied macroeconomics and economic development.

e-mail: lunavarr@uahurtado.cl

TEACHING ASSISTANT:
Walter Nuñez

I. Objectives

This course develops the basic Microeconomic theory that is a prerequisite for further study of microeconomics and for field courses. By the end of the course students should be able to understand the theory of demand and supply, partial and general equilibrium concepts, market failure and the efficiency properties of the equilibrium. Given that the course is highly abstract and mathematical; students are expected to have sufficient mathematical background presumably covered in any Math Economics undergraduate course.

II. Schedule

Classes: Tuesdays (E-46) and Thursdays (K-68) 10:00-11:20 am.
Recitation: Mondays 3:00-4:20pm (K61)
Office hours: By appointment

III. Course Requirements/Grading

Four Tests (25% each) and 5 Problem Sets (must be handed in to keep the full grades obtained in tests, otherwise the final grade will be reduced in 20%)

IV. Textbooks

Basic References
- Mas-Colell, A.; Whinston, M.; and J. Green, Microeconomic Theory, Oxford University Press, 1995. [MWG95]
- Varian, H. (1992), Microeconomic Analysis, W.W. Norton & Company [V92]

Additional References:
- Rubinstein, A., Lecture Notes in Microeconomic Theory, Updated 2011

V. Course Outline

1. Consumer Choice and Classical Demand Theory
   A. Choice, Preferences and Utility
   B. Revealed Preferences and Law of Demand
   C. Utility Maximization Problem and Expenditure Minimization Problem
   D. Indirect Utility Function and Expenditure Function
   E. Duality.
   F. Welfare Evaluations of Economic Changes (Compensating and Equivalent Variations)
      References
      MWG95, Sections 1A-C, 2A-F, 3A-E, 3G and 3I; V92, Chapters 7-10

2. Production
   A. Technology and Production Sets
   B. Profit Maximization and Cost Minimization
   C. Duality
      References
      MWG95, Sections 5A-D and 5F; V92, Chapters 1-6

3. Partial Equilibrium in Competitive Markets
   A. Partial Equilibrium Competitive Analysis
   B. Welfare Theorems in a Partial Equilibrium Context
   C. Free Entry and Long Run Partial Competitive Equilibrium
      References
4. **Externalities and Public Goods**
   A. Bilateral Externalities
   B. Public Goods

*References*

**MWG95**, Sections 10A, 10C- F; **V92**, Chapter 13

5. **General Equilibrium**
   A. Pure Exchange Economy
   B. Welfare Properties of the Equilibrium
   C. Existence and Uniqueness of the Equilibrium

*References*

**MWG95**, Sections 15A-B, 16A-F, 17A-C and 17F; **V92**, Chapters 17, 21-22
I. Objectives

Game theory is the analysis of strategic interaction among individual agents. It seeks to provide models of conflict and cooperation that are relevant in a large class of situations basic to almost all social sciences. It offers insight into economic, political or social situations in which individuals have different goals and preferences. The basic assumptions are that decision-makers are rational strategic. The course introduces basic notions of game theory after a brief introduction to decision theory. The course covers strategic games with complete information, static Bayesian games, and dynamic games with complete and incomplete information.
II. Schedule

**Sessions:** Tuesdays and Thursdays 16:30-17:50.
**Office Hours:** Mondays 16:17:30.
**TA sections:** To be announced.

III. Course Requirement--Grading

The course is graded based on: (i) Weekly problem sets, 20% of the total grade; (ii) A midterm exam, 40% of the total grade; and: (iii) A final exam. The problem sets will be discussed in the TA sessions.

IV. Textbooks-References

The following are excellent texts:


V. Course Outline


2. **Elements of Noncooperative Games:** Extensive Form Games. Information Sets and Strategies. Strategic Form Games. MWG, chapter 7.


MACROECONOMICS I
ECIL 605
SPRING 2013

PROF. PABLO GONZALEZ

Pablo Gonzalez M. is BA in Economics from Universidad Nacional de Córdoba (Argentina) and has a Ph.D. in Economics from Texas A&M University. He is a full time faculty member at ILADES since 2002. His areas of interest are Monetary Economics, International Economics and Macroeconomic Theory.

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I. Objectives

This course has two main parts. The first part covers the theory of economic growth, from the initial developments up to the most recent contributions. The second part of the course is about the theory of monetary policy.

II. Schedule

Classes: Tuesdays and Thursdays
Office Hours: By appointment
Students should check the course website regularly for announcements.
III. Course Requirements/Grading

1) Problem Sets: 10%.
2) Two Midterm Tests: 40%.
3) Paper Presentation: 10%.
4) Final Exam: 40%.

IV. Textbooks


V. Course Outline

1) Economic Growth
   a) Stylized Facts
      References

   b) Solow Swan Model
      References

Romer, David. Advanced Macroeconomics, Chapter 3, Part B.


c) Ramsey-Cass-Koopmans Model

References


Romer, David. Advanced Macroeconomics, Chapter 2, Part A.


d) Endogenous Growth Models

References


e) Endogenous Growth: Two-sector Model, Human Capital

References


f) Labor Market, Demography and Economic Growth

References

2) Monetary Economics
a) Stylized Facts

References

b) The Demand and Supply for Money

i) Money in the Utility Function

References

ii) Cash in Advance and Transaction Costs

References


iii) Overlapping Generations

References


iv) Money Supply

References


c) Money Demand

References


d) Monetary Policy and Government Budget

References

e) Rules vs. Discretion

References


f) Monetary Policy and Interest Rates

References


MACROECONOMICS II
ECIL 606
SPRING 2013

PROF. CARLOS GARCÍA

Carlos J. García is Commercial Engineer (BA) from the University of Santiago of Chile and has a Ph.D. in Economics from UCLA. His main area of research is Macroeconomic Policy in Developing Economies. García is Assistant Professor at Alberto Hurtado University since 2007.

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Phone: 562-8897359

I. Objectives

The objective of this course is to review DSGE models to analyze the economic business cycle and macroeconomic policy.

II. Schedule

Sessions: Tuesday and Thursday: 3pm - 4:30 pm
Room: TBA, TA: Felipe Barraza
Office Hours: by appointment. E-mail to cgarcia@uahurtado.cl
III. Course Requirements/Grading

One midterm (40%), and a final exam (60%).
- Midterm topics 1 and 6.
- Final exam topics 7 and 14.

IV. Textbooks


V. Course Outline

1. Solution methods.
   [RF] chapters 1, 2.
   [LT] chapters 2, 3, 4


2. RBC models
   [RF] 5.


3. Consumption and labor supply.

[MW] chapters 2, 3, 4


4. Investment.

[W] 5


5. Capital Utilization.


[MW] 8
7. Staggered Wage and Price Contracts.

[JG] 3.

Kehoe, P., Midrigan, V., 2010, Prices are Sticky After All, NBER Working Paper No. 16364
http://www.nber.org/papers/w16364


[JG] 4,5.


[MW] 14


(http://minneapolisfed.org/research/sr/sr217.pdf)


[MW] 5, 6


12. Optimal policy.

[MW] 14

[W] chapters 6, 7, 8

[JG] 6

Christiano, L., 2009, handouts “Ramsey-optimal policy”

http://faculty.wcas.northwestern.edu/~lchrist/d16/d1609/syllabus.htm


[MW] 10


[MW] chapters 11, 12, 15


I. Objective

This is an intermediate level course in Applied Econometrics. Topics include specification, estimation, and inference in the context of linear models (ordinary least squares, instrumental variables, and generalized method of moments) and non-linear models (binary dependent variable models). This course will also cover basic asymptotic distribution theory necessary for the analysis of linear and nonlinear models. Inference techniques used in the linear regression framework such as t and F tests will be extended to include Wald, Lagrange multiplier and likelihood ratio tests.

II. Schedule

Classes: Tuesday and Thursdays: 10:00 -11:20 AM
Office Hours: by appointment

III. Course Requirements/Grading

Assignments (30%), two midterm exams (20% each), and a final exam (30%).
IV. Textbooks

- Hansen, B. (2012), Econometrics. [H]
- Cameron, A. C. and P. K. Trivedi (2009), Microeconometrics using Stata. Stata Press.
  (Useful for the empirical exercises in the assignments.)

V. Course Outline

1. Introduction

   Research questions.
   Causal relationships and the experimental ideal.
   Data structures.

   References
   SW, Chapter 1.
   W, Chapter 1.

2. Basic asymptotic theory

   Review: Probability and distribution theory; estimation and inference.
   Asymptotic properties of the estimators.
   - Convergence in probability and consistency.
   - Convergence in distribution and the asymptotic distribution. Asymptotic efficiency.
   Small sample properties of the estimators.

   References
   H, Chapter 2.
   SW, Chapter 2.
   W, Chapter 3.

3. Conditional expectations and the linear regression model

   Conditional expectations.
   Linear regression model.
4. **Linear regression model: Ordinary Least Squares (OLS) estimation**

   OLS estimator.
   Asymptotic properties of OLS.
   Homoscedasticity assumption.
   Estimation of the variance-covariance matrix.
   Ommited variables bias.

5. **Linear regression model: Ordinary Least Squares (OLS) inference**

   OLS inference.
   Wald test.
     Consistency.
     Relationship with F-test and t-test.

6. **Additional topics**

   Functional form.
   Ommited variables bias. OLS solution: Proxy variable.
   Measurement error.
   Generalized least squares (GLS) and Feasible GLS (FGLS). Testing for Heteroskedasticity.
   Internal and external validity.

7. **Instrumental variables (IV) and Two-state least squares (2SLS)**

   IV and 2SLS estimators.
   Asymptotic properties of IV and 2SLS.
   Homoscedasticity.
   Estimation of the variance-covariance matrix.
Endogeneity and Overidentification tests.
Weak instruments.

References
AP, Chapter 5.
SW, Chapter 12.
W, Chapter 5.

8. Binary dependent variable

Linear probability model.
Probit and Logit.
Estimation: Non-linear least squares (NLS) and Maximum likelihood (ML) estimators.
Marginal effects.
Goodness of fit.
Inference. Likelihood ratio test.

References
AP, Chapter 5.
SW, Chapter 11.
W, Chapter 15.

9. Estimation of system of equations (time permitting)

System OLS (SOLS).
Feasible Generalized Least Squares (FGLS).
System IV (SIV).
GMM for multiple equations.

References
W, Chapter 7, 8, 9.
ILADES – GEORGETOWN UNIVERSITY
Master of Arts in Economics

ECONOMETRICS II
ECIL 614
SPRING 2013

PROF. MARCELA PERTICARA

Marcela Perticara has a bachelor in Economics from Universidad Nacional de Córdoba (Argentina) and a Ph.D. in Economics from Texas A&M University. Her main areas of research are Labor Economics, Poverty and Income Distribution and Impact Evaluation. She is an Assistant Professor at Alberto Hurtado University since 2002 and Professorial Lecturer in Economics at Georgetown University.

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I. Objective

This course is a graduate level introduction to microeconometrics. The course includes a review of instrumental variables, and studies linear panel data models, limited dependent variable models, and some topics in program evaluation. It will also discuss an introduction to M-estimation and maximum likelihood methods.

II. Schedule

Classes: Tuesdays and Thursdays. 1:30 -2:50 pm (K41)
Office Hours: By appointment
III. Evaluation

Two midterm (and cumulative) exams (first, 20%; second, 30%). two assignments (10% each); final exam (30%).

IV. Textbooks/References

There is no a unique textbook for this course. Most of the material covered in this course is covered in the following books:


Students are also expected to consult the following readings.


V. Course Outline

1. Core Methods. A short review
   a. Linear models. OLS and IV estimation in linear models. GMM and control functions estimators.

References
AP, Chapters 3 and 4
W, Chapters 4, 5, 6, 8, 12, 13 (relevant sections)

2. Panel data models
   a. Unobserved effects linear panel data models. The basics: OLS, random effects, fixed effects, and first differencing.
   b. Additional topics
      i. GMM approach.
      ii. Instrumental variables methods in RE and FE models.
      iii. Hausman and Taylor approach.

References
AP, Chapter 5
W, Chapters 10; 11
3. **Non-linear models**
   a. Binary data models (Logit-Probit).
   b. Multiple response models.
   c. Ordered response models.
   e. Censored data models: Tobit.

*References*

*W,* Chapters 15-16-17  
*C-T,* Chapters 14, 15 y 16

4. **Estimation average treatment effects**
   a. A counterfactual setting and the self-selection problema.
      i. Regression methods.
      ii. Methods based on the propensity score.
   c. Instrumental variable estimation for ATE and LATE.
   d. Regression discontinuity designs.
   e. Basic Topics on Random Control Trials: designing and analysis.

*Referencias*

*W,* Chapter 21  
*AP,* Chapter 6
I. Objective
This is an introductory course to the economics of incentives. At the end of this course students must know the basic models of the theory of the economics of incentives, learn the most important extensions of these models, and be able to ask themselves questions and answer them by using the analytical tools that they learnt in the class. Students must also know the main applications of the theory of contracts and incentives to both business and public economics.
II. **Schedule**

**Sessions:** Friday 15:00-17:50

**Office Hours:** ask for e-mail to each professor

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III. **Course Requirements / Grading**

Students must complete:

- Assignments: 30%
- Two Presentations of Papers: 30%
- A Written Report: 40%

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IV. **Textbooks / References**

There is no a basic reference in this class. Each topic details mandatory (*) and optional references.

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V. **Course Outline**

1. **Mechanism Design**
   
   A. Introduction.
   
   B. Screening
   
   C. Direct Revelation Mechanisms. The revelation principle
   
   D. Dominant Strategy and Bayesian Mechanism design with transferable utility.

   **References**
   
   
   
   

2. **Contracts and Incentives**

   A. Adverse Selection in Markets.
   
   B. Dynamic Adverse Selection Models.
   
   C. Contract Dynamics and Renegotiation.
   
   D. Moral Hazard, Risk Aversion and Limited Liability.

   **References**
   
   
   
   
   

3. **Incomplete Contracts**

   A. Bargaining
   
   B. Hold-up and Renegotiations
   
   C. Applications (The Nature of the Firm, Relational Contracts, Financial Contracts)
References

4. Auctions and Biddings
   VI. Basics (Private Valued, The Principle of Revenue Equivalence, Common Valued, Bid Riggins)
   VII. Auctions of Multiple Objects
   VIII. The Design of Auctions in Practice

Referencias

Papers for Presentation

August, 2013
PROF. EUGENIO GIOLITO

Eugenio Giolito is BA in Accounting from Universidad Nacional de Rosario (Argentina), and he has a Master of Arts in Economics from CEMA (Argentina) and a Ph.D. in Economics from University of Maryland. He is a full time faculty member at ILADES. He previously held a full time position at Universidad Carlos III, Madrid and a visiting position at Duke University. His areas of interest are labor economics and economics of the family.

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Objectives

In this class we will study different topics on Development Microeconomics. The idea is to go over the most relevant theoretical and empirical literature on rural economies, health, human capital, migration and poverty in development countries. Our main goal will be that the students acquire familiarity in the research methods of this area in order to prepare for future research work.
Schedule

Lectures: Tuesdays-Thursdays 11:30-12:50.

Office hours: by appointment

Course Requirements/Grading

The final grade of the class will be determined from problem sets (40%) and a final exam (60%). Problem sets will be handed out every other Thursday. Students can work in groups of up to four people for the problem sets.

Textbooks/References

Book:


Readings on Empirical Methodology:


Course Outline

Introduction


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**Agricultural Family Firms in Development Countries**

**Agricultural Household Models**

Bardhan and Udry, Chapter 2.


**Marriage, Fertility and Population Growth**

Bardhan and Udry, Chapter 3.


**Family Behavior**


**Rural Labor Markets**

Bardhan and Udry, Chapter 4.


Land

Bardhan and Udry, Chapter 6


Credit Markets

Bardhan and Udry, Chapter 7

Banerjee, Abhijit and Esther Duflo (2004), "Do Firms Want to Borrow More? Testing Credit Constraints Using a Directed Lending Program," mimeo, MIT


Risk and Insurance

Bardhan and Udry, Chapter 8.


**Firms and Contracts.**


**Poverty, Health and Human Capital: Empirical Evidence**

**Poverty and Inequality**

Bardhan and Udry, Chapter 11.


Health and Nutrition


Social and Private Returns to Education


Determinants of Education Quality


Educational Policy


Migration

Bardhan and Udry, Chapter 5.


I. Objective

The goal of this class is to understand the link between the economy, the environment and the roll of the government. The specific topics we will cover are externalities, public goods, regulation of the environment through taxes, pollution permit systems and command and control policies, both under certainty and under uncertainty. In the second part of the course we will go over cost-benefit analysis and study different methods to measure the benefits. In the last part of the course we will cover some topics on renewable and non-renewable natural resources.

II. Logistics

Class Time: Tuesday and Thursday 11:30 to 12:50.
Class Location: K-52
Office hours: by appointment.
III. Class Evaluation

- Midterm 1 : 30%  October 1st.
- Final Exam : 35%  TBA (during the exam week).
- Class Participation : 5%
- Problem Sets (4) : 15%  TBA
- Paper Presentation : 15%  TBA

1- You can work in groups for the problem sets but each of you must submit your own homework. You are not allowed to copy the problem set of someone else, even if you worked with that person. Moreover, I encourage you to take the homework seriously, since it serves as a study guide for the course.

2- **All problem sets are due in the beginning of the class and I will not accept them late. So, please do not even bother asking for extensions.**

3- Each student is required to choose a paper marked with (**) from part 4 of the program and present it in class. Presentations are 30-40 minutes. The professor will assign the date depending on the paper. Students have to choose the paper during the first two weeks of classes.

IV. Textbooks


The main book for this class is Kolstad (2010). However, I will cover each topic with different sources. You can find the references in the outline of the course. The references marked with an asterisk (*) are required reading.

V. Course Outline

1. Introduction. ¿What is environmental economics?

References:

- (*) KO chapter 1 y 2.
2. Efficiency, externalities and public goods.
   a) Pareto Efficiency
   b) Edgeworth box.
   c) Welfare theorems.
   d) Producer and consumer surplus.
   e) Externalities.
   f) Public Goods.

References:
- (*) KO chapter 4 y 5.
- (*) V chapter 23 y 24.

3. I- Regulation with certainty.
   a) Property Rights.
      - Coase Theorem.
   b) Market-based regulation.
      - Pigouvian Taxes.
      - Pollution Permit Systems.
   c) Command and control regulation.
   d) Regulations over space and time.

II- Regulation with uncertainty.
   a) Taxes vs pollution permit systems.
   b) Imperfect monitoring.

III-Initial allocation of permits.

References:
- (*) KO chapter 11, 12, 13, 14 y 15.
   a) Cost-benefit analysis.
   b) Valuation.
      - Revealed preferences.
      - Travel Cost Method.
      - Contingent valuation.

References:

- (*) KO chapter 6, 7, 8, 9 y 10.

Hedonic Price Indices


Health and mortality


**Willingness to Pay**


**Travel Cost Method**


**Contingent Valuation**


5. **Natural Resources: renewable and non-renewable.**

References:

ILADES – GEORGETOWN UNIVERSITY PROGRAM
Master of Arts in Economics

INDUSTRIAL ORGANIZATION
ECIL 631
SPRING 2012

PROF. RAMIRO DE ELEJALDE
PROF. EDUARDO SAAVEDRA

Eduardo Saavedra is Commercial Engineer from the University of Chile and Ph.D. in Economics from Cornell University. His main areas of research are Industrial Organization, Regulation of Utilities and Infrastructure, and Incentives in Organizations. Saavedra is Associate Professor at Alberto Hurtado University since 1997 and Professorial Lecturer in Economics at Georgetown University.

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Ramiro de Elejalde has a bachelor in Economics from Universidad Nacional de Córdoba (Argentina) and is Ph.D.(c) in Economics from Universidad Carlos III de Madrid. His main areas of research are Empirical Industrial Organization, Applied Microeconomic Theory and Applied Econometrics. He is an Assistant Professor at Alberto Hurtado University since 2012 and Professorial Lecturer in Economics at Georgetown University.

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I. Objective

This course covers the modern theory of industrial organization (IO) and empirical tools applied to industrial organization issues. The theoretical part of the course emphasizes the strategic behavior of economic agents with market power, the practice in different industries and the application of these issues to competition policy (antitrust). The empirical part of the course covers the estimation of static models of supply and demand and its applications to antitrust issues like the identification of conduct, simulation of the effects of mergers, valuation of new goods, etc.

It is expected that at the end of this course the student must be able to model different situations of imperfect competition, analyze specific cases of anticompetitive practices, in particular with emphasis in applications to competition policy issues.

II. Schedule

Classes: Tuesday and Friday: 10:00 -11:20 AM
Office Hours: by appointment

III. Course Requirements/Grading

- Part I: 2 take homes (30%)
- Part II: 3 assignments (50%)
- Part III: 1 assignment (20%)

IV. Textbooks

V. Course Outline

(*) denotes required reading.

**PART I: Theoretical I.O. and Competition Policy**

1. Monopoly
   A. Pricing Strategies (linear, multi-products, multi-periods, discriminatory pricing)
   B. Market Power (definitions, welfare and market concentration)

References

(*) M04, ch. 2 and 3.

2. Models of Oligopolic Competition
   A. Basic Models (Cournot, Bertrand, Edgeworth, Stigler, Saloner)
   B. Models of Exogenous Product Differentiation (Hotelling, Salop, Chamberlin-Robinson)
   C. Models of Endogenous Product Differentiation (Switching Costs)

References


3. Industry Concentration
   A. Market definition and Market Structure
   B. Collusion
   C. Horizontal Mergers

References

(*) M04, chapter 4.
PART II: NEW Empirical I.O.

4. Review of Econometrics and traditional approach in empirical IO  
   A. Traditional empirical methods for IO: Structure-Conduct-Performance  
   B. Estimation of supply and demand under perfect competition  
   C. Review of Econometrics and Generalized Method of Moments (GMM)

References  
(*) DG09, chapters 2, 6 and 9.  

5. Estimation of supply and demand: Homogeneous goods  
   A. Cournot model  
   B. Identification of conduct  
   C. Applications: Collusion and price wars, measurement of market power.

References  
(*) DG09, chapters 2 and 6.  

6. Estimation of supply and demand: Differentiated Products I  
   A. Multilevel budgeting and AIDS model.  
   B. Application: Estimation of the demand for beer.  
   C. Measurement of welfare effects.  

References  
(*) DG09, Chapters 2 and 6.  


7. **Estimation of supply and demand: Differentiated Products II**

A. Simple models: Vertical model and Logit model.

B. Simultaneity problem: Introduction of unobserved characteristics.

C. More realistic substitution patterns: Nested Logit model and Random Coefficients model.

D. BLP model.

E. Pricing equation.

F. Applications: Estimation of markups, market power and simulation of mergers.

**References**

(*) DG09, chapter 9.


**PART III: COMPETITIVE STRATEGIES**

8. **Entrada y Prácticas Anticompetitivas**

A. Barreras a la Entrada y Precompromiso Estratégico

B. Estructura de la Industria

**Referencias**


9. Anticompetitive Practices
   A. Barriers: Strategic Precommitment
   B. Limit Pricing
   C. Predation

References
(*) M04, chapter 7.
ILADES – GEORGETOWN UNIVERSITY PROGRAM
Master of Arts in Economics

TOPICS IN INDUSTRIAL ORGANIZATION:
ECONOMICS OF REGULATION
ECIL 632
FALL 2013

PROF. FERNANDO FUENTES
PROF. EDUARDO SAAVEDRA

Fernando Fuentes is Commercial Engineer from the University of Chile and and M.A. with Ph.D. studies in Economics at Georgetown University. His main areas of research are Industrial Organization and Regulation of Utilities (electricity, telecomm and water). Fuentes is Assistant Professor at Alberto Hurtado University since 2007.

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Eduardo Saavedra is Commercial Engineer from the University of Chile and Ph.D. in Economics from Cornell University. His main areas of research are Industrial Organization, Regulation of Utilities and Infrastructure, and Incentives in Organizations. Saavedra is Associate Professor at Alberto Hurtado University since 1997 and Professorial Lecturer in Economics at Georgetown University.

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I. Objectives

The student must understand the key factors in the regulation of network industries, the pros and cons of their alternative regulatory mechanisms, and the role of the information on these processes. At the end of this course, the student must be able to work on the setting tariffs on utilities in practice, or be involved on the design of (de)regulatory processes in different network industries. Finally, the student must know in detail the main characteristics of the regulatory mechanism applied in Chile: regulation for efficient firm in utilities and concessions program for infrastructure.

II. Schedule

Sessions: Tuesday and Thursday: 10:00 -11:20
Room: K48
Office Hours: ask for e-mail to each professor

III. Course Requirements/Grading

2 Tests (30% each) and a paper presentation including a monograph (40%).
- Test 1: Tuesday Sept 10 (topics 1 and 2)
- Test 2: Tuesday Oct 15 (topic 3)
- Presentations: Tuesday Nov 19 and Thursday Nov 21 (topics 4 and 5)

IV. Textbooks/References

There is no specific textbook for this course but we strongly recommend:

Please check the mandatory (*) and additional readings for each topic.
V. Course Outline

1. Institutional Economics

References
(*) [LT93], Introduction


PART I: NATURAL MONOPOLIES

2. Tariff Setting under Symmetric Information
   A. The Theory of a Natural Monopoly (Timing, Multi-products)
   B. Regulatory Schemes (Marginal and Average Cost Pricing, Non-Linear Pricing, Ramsey Prices, Peak Load Tariffs, Efficient Rationing)
   C. Application: Electricity Systems and Peak Load Pricing

References
(*) [LT93], pp. 19-35.


3. Tariff Setting under Symmetric Information
   C. Regulation in Practice (Rate of Return - Cost of Service, Price Cap, Efficient Firm)
   D. The New Regulatory Economics (Baron & Myerson, Laffont and Tirole)

References
(*) [LT93], Ch. 1, 2, 9 and 10
(*) [DN99], Ch. 1 and 2.
PART II: INTRODUCING COMPETITION IN REGULATED INDUSTRIES

4. Vertically Related Markets
   A. The Vertical Nature of a Network Industry
   B. Access Charges and Network Unbundling
   C. Application: Energy Retail Markets Liberalization

References
(*) [DN99], Ch. 3 and 5.

5. Competition in Network Industries
   A. Introduction (Yardstick Competition, Biddings)
   B. Competition in Essential Facilities
   C. Concessions in Infrastructure
   D. Application: Renegotiation in PPP programs

References
PART III: TOPICS

6. Political Economy and Market Regulation
   A. A Positive Theory of Regulation
   B. Public Ownership in Utilities

References
(*) [DN99], Ch. 4.
7. The Chilean Regulatory Mechanism in more Detail

References


INTERNATIONAL MACROECONOMICS AND FINANCE
ECIL 602
FALL 2011

PROF. CARLOS GARCIA

Carlos J. Garcia is Commercial Engineer from the University of Santiago of Chile and Ph.D. in Economics at UCLA. His main area of research is macroeconomic policies in developing economies. Garcia is Assistant Professor at Alberto Hurtado University since 2007.

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Phone: 562-8897359

I. Objectives

The objective of this course is to review DSGE models to analyze the economic business cycle for small open economies.

II. Schedule

Sessions: Tuesday and Thursday: 1.30pm - 2:45 pm

Room: TBA
TA: TBA
Office Hours: by appointment to cgarcia@uahurtado.cl
III. Course Requirements / Grading

One midterm (30%), a final exam (50%), and a research paper (20%).
- Midterm topics 1 and 7.
- Final exam topic 8.

IV. Textbooks


[CV] Végh, Carlos, Open Macroeconomics in Developing Countries

[MU] Uribe, Martín. Open Economy Macroeconomics, 2011


V. Syllabus and References

Part 1. Theoretical models.
1. Basic definitions of balance of payments and current account.
   [NM] 1.

2. The intertemporal approach to the current account.
   [OR] chapters 1, 2.
   [CV] chapters 1, 2.
   [MU] 2.
3. Dynamic in a small open economy.

[OR] 2.

[CV] 3.

[MU] chapters 3, 4.


4. Non-tradable goods and the real exchange rate.

[OR] 4.


5. Money and flexible exchange rate.

[OR] 8.

[ME] 1.

[CV] chapters 5-7.


6. Asset prices and international capital flows.

[OR] chapters 5-6.


7. DSGE models in small open economies.

7.2 Sticky Price Models of the Business Cycle: monetary and fiscal policy

[CV] chapters 8, 9.

[ME] 2.


7.2 Financial crisis.


Part 2. Empirical methods.

8. Macro econometrics for DSGE models

Time series: VAR, structural VAR, and VEC.

Kalman Filter

Calibration

GMM


Maximum-likelihood estimation (MLE)

[DD] 8.

Bayesian econometrics in DSGE

ILADES – GEORGETOWN UNIVERSITY
Master of Arts in Economics

LABOR ECONOMICS
ECIL 661
FALL 2013

PROF. LUCAS NAVARRO (FIRST PART)
PROF. EUGENIO GIOLITO (SECOND PART)

Lucas Navarro is BA in Economics from Universidad Nacional de Córdoba (Argentina), and he has a Master of Arts in Economics from ILADES-Georgetown University and a Ph.D. in Economics from Georgetown University. He is a full time faculty member at ILADES. He previously held a full time position at Queen Mary, University of London. His areas of interest are labor macroeconomics, applied macroeconomics and economic development.

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Eugenio Giolito is BA in Accounting from Universidad Nacional de Rosario (Argentina), and he has a Master of Arts in Economics from CEMA (Argentina) and a Ph.D. in Economics from University of Maryland. He is a full time faculty member at ILADES. He previously held a full time position at Universidad Carlos III, Madrid and a visiting position at Duke University. His areas of interest are labor economics and economics of the family.

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I. Objectives

The course has two parts. The first part is mainly about search and matching models in the labor market. These models can explain the existence of unemployment and wage dispersion in labor markets with search frictions. They are also useful for the analysis of labor market policies like unemployment insurance, the effect of hiring and firing costs, etc.
The second part of the course is about topics related to Economics of the Family and Economics of Crime, two important fields in labor economics. We will cover different theories and recent empirical applications.

II. Schedule

Classes: Tuesdays and Thursdays 3:00-4:20 pm.  
Office hours: By appointment

III. Course Requirements/Grading

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problem Sets</td>
<td>50%</td>
</tr>
<tr>
<td>Research proposal and Paper Presentation</td>
<td>50% - Details to be given in class</td>
</tr>
</tbody>
</table>

IV. Course Outline

FIRST PART

General References


1. Introduction

**Barnichon, R., Elsby, M., Hobijn, B. and S., Aysegul, (2012), Which Industries are shifting the Beveridge Curve?, Monthly Labor Review, June.**

Juhn, Chinhui, Kevin Murphy and Robert H. Topel, (1991) "Why Has the Natural Rate of Unemployment Increased over Time?" Brookings Papers on Economic Activity, 0(2) pp.75-126

Meyer (1990), Unemployment Insurance and Unemployment Spells, Econometrica.


van den Berg and van Ours (1996) Unemployment Dynamics and Duration Dependence, JOLE.

2. Dynamic Programming and Optimal Search


*Rogerson, Shimer y Wright (2005), pp 5-15.


3. Diamond-Mortensen-Pissarides Model

4. Wage Dispersion Models a la Burdett-Mortensen


5. Directed Search


6. **Business cycles and unemployment**


**Carrillo-Tudela y Visschers (2013) “Unemployment and Endogenous Reallocation during the business cycle”, mimeo**


*Shimer (2012), Reassessing the Ins and Outs of Unemployment, Review of Economic Dynamics.


7. Related Models

A. Efficiency Wages


B. Other policy applications


**SECOND PART**

* denotes required reading.

1. **Marriage and Divorce**

   A. **Stylized facts and theory**


B. Marriage dynamics and fertility


C. Divorce


2. **Economics of Crime**

A. *The economic model of crime*


Dills, Angela, Jeffrey Miron, and Garret Summers (2010), *What do economists know about crime?*, in The Economics of Crime: Lessons for and from Latin America, NBER. [http://www.nber.org/chapters/c11845](http://www.nber.org/chapters/c11845)


B. Police and deterrence effects


C. Prison and incapacitation


**D. Crime and demography**


E. Socioeconomic determinants of crime


