

Doctoral course
Corporate Finance (L 572)
Fall term 2016, Monday, 9.00 a.m. - 12.00 p.m.
University of Zurich

Syllabus version August 28, 2016

Faculty

Alexander F. Wagner	Kjell G. Nyborg
Department of Banking and Finance	Department of Banking and Finance
Plattenstrasse 14	Plattenstrasse 14
Room 317	Room 304
alexander.wagner@bf.uzh.ch	kjell.nyborg@bf.uzh.ch
http://www.alex-wagner.com	http://www.nyborg.ch
Phone: +41 – 44 – 634 – 3963	Phone: +41 – 44 – 634 – 2980

Please direct questions about the course to Alex Wagner.

Purpose

This course offers a graduate level introduction into corporate finance. The primary goal of the class is that students acquire an awareness and understanding of important issues in corporate finance. The course focuses on presenting “classic” contributions, but will point you to current papers where possible. There will also be time to discuss potential avenues for future interesting research questions. In doing so, some compromises have to be made in terms of how detailed the treatment of each topic can be.

The course also presents useful tools from contract theory and game theory. Thus, the course also aims at training students to use these tools for their own research.

Although the course’s focus is theoretical, we will attempt to relate models to real world phenomena. There is a separate course on empirical corporate finance, but we will also discuss several empirical papers.

Target group and prerequisites

This course is primarily designed for doctoral students in finance, although it is also open to doctoral students from other social sciences and to interested students in the MScQF program at the University of Zurich.

Since modern corporate finance and organizational economics theory relies heavily on game and contract theory, participants are expected to be familiar with basic concepts in these areas of microeconomics. The course will emphasize economics rather than mathematical difficulties.

Logistics

We will generally meet weekly in the first half of the term. The course schedule is as follows (some changes are likely to be made as we go along).

Meeting time: Monday, 9 a.m. - 12.00 p.m., unless indicated differently below

Room: PLM-1-103/104

Lecture	Faculty	Date	Topic
1	AW	Sept 19, 9-10.45 a.m.	Introduction, logistics, overview of the course topics, Capital structure 1
2	AW	Sept 26	Capital structure 2
3	AW	Oct 3	Payout policy; Agency and executive compensation 1
4	AW	Oct 10	Agency and executive compensation 2, Boards of directors
-	-	Oct 17	No class
5	AW	Oct 24	Relational contracts, incomplete contracts
6	AW	Oct 31	Student presentations
7	AW	Nov 7	Behavioral corporate finance
8	KN	Nov 14	Auctions, Liquidity, Money Markets
9	AW	Nov 28	Student presentations

Problem set	Distributed	Due date
1	Sept 19	Sept 26
2	Sept 26	Oct 10
3	Oct 3	Oct 24
4	Oct 10	Oct 31
5	Sept 26	Oct 31, Nov 28, Dec 5

Problem set 5 is a discussion of a paper and a referee report. On October 31 and November 28, respectively, students will present a recent working paper (out of a list provided by AW). By December 5, you have to deliver a written referee report on that paper (which should reflect also those issues that came up in your presentation).

If this is not a mandatory course for you (i.e., if you are not in the Department of Banking and Finance's track B doctoral program) please send an email to Alex Wagner, indicating your affiliation and your CV.

Requirements

To pass this class, you are expected to fulfill the following requirements:

1. Class participation
2. Problem sets
3. Presentations
4. Referee report
5. Exam

The weighting will be: Problem sets 20%, Presentation/discussion 15%, Referee report 15%, Exam 50%. Class participation can lead to discretionary grade adjustments.

Please abide by the following rules. You have to submit all problem sets:

- 1) printed out at the beginning of class on the indicated date AND by email to alexander.wagner@bf.uzh.ch. (For your email, use a file name of the format PSx_LASTNAME.pdf, where x stands for the problem set number. Thus, if Alex Wagner is submitting problem set 3, the correct file name is PS3_WAGNER.pdf.)
- 2) typed up in either Scientific Workplace, LaTeX, MS Word, or another word processor and turned into a pdf (make sure all formulas and graphs are readable)

There are no make-up problem sets or assignments. Late problem sets are not accepted.

Reading list

A recent textbook on corporate finance is Jean Tirole's "The Theory of Corporate Finance." You might find it useful as a reference. It covers a wide array of topics, more than we can cover in this class, and in a somewhat different way, but it certainly is very well done. An excellent game theory book is furthermore Drew Fudenberg and Jean Tirole's "Game Theory."

For a good introduction to contract theory, we recommend Bernard Salanié's "The Economics of Contracts." The best comprehensive reference is Patrick Bolton and Mathias Dewatripont's "Contract Theory."

A list of papers will be distributed.

On modeling and paper-writing

The following three references (two of which are freely available on the web) are particularly useful.

Thomson, William. A Guide for the Young Economist. Cambridge, MA: MIT Press, 2001.

King, Gary. "Publication, Publication." PS: Political Science and Politics 39, 131-159 (2006).

Varian, Hal R. "How to Build an Economic Model in Your Spare Time." 2009.