



4th LJUBLJANA DOCTORAL SUMMER SCHOOL
3 - 21 July 2017

University of Ljubljana

**FACULTY OF
ECONOMICS**

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10-14 July 2017, from 9.00 to 16.00

Course title:

EVENT STUDIES, EMPIRICS AND ADVANCED FINANCIAL ECONOMICS

ECTS credits: 6

Lecturer: Professor Jonathan Klick, University of Pennsylvania, USA & Yale University, USA

Contact: jklick@law.upenn.edu

AIMS OF THE COURSE:

This unique course examines practical issues associated with event studies as they are used both in academic and professional finance as in their economic, business and legal applications. The event study has many applications. In accounting and finance research, event studies have been applied to a variety of firm specific and economy wide events. Some examples include mergers and acquisitions, earnings announcements, issues of new debt or equity, and announcements of macroeconomic variables such as the trade deficit. Event studies are used in the field of law to measure the impact on the value of a firm of a change in the regulatory environment and in legal liability cases event studies are used to assess damages.

Course starts with event studies methodology, where first Professor Klick (he is both a lawyer and economist, government policy adviser and consultant to several global corporations) presents the methodology addressing different issues (systematic events, clustering and overlapping of events, models for normal returns, etc.) and then use examples (cases) to demonstrate the use of the methodology (e.g. single event studies and valid inference in a single firm stock splits, mergers and acquisitions, killing effect of grocery bag bans and foodborne illness, the effect of abortion liberalization on sexual behaviour, treatments and moral hazard, effects of contract regulation on franchising, agency costs, corporate control, mobile phones and crime deterrence).

By exploring current research and best practices this programme adopts a strong practical research perspective and will be highly interactive. A variety of teaching methods will be utilised throughout including discussions, group exercises, case study analysis, readings, videos and multi-media material. Participants will be also supported in developing a strong international network by working with a range of other participants during exercises and assignments. Preparation of assigned readings and case studies will be expected.

An exclusive course in event studies, empirics and advanced financial economics for businesses, researchers, economists and lawyers who wish to gain a state-of-the-art insights into the current methods, techniques and practical applications.

COURSE SYLLABUS:



Monday, 3.7.2016

Foundational issues in finance and econometrics

Research time and individual consultations with prof. dr. Jonathan Klick

Readings available at: <https://www.law.upenn.edu/fac/jklick/klickljubljana.html>

Tuesday, 4.7.2016

Departures from the Standard Methods

Research time and individual consultations with prof. dr. Jonathan Klick

Wednesday, 5.7.2016

Causal Inference

Research time and individual consultations with prof. dr. Jonathan Klick

Thursday, 6.7.2016

Testing Theory

Research time and individual consultations with prof. dr. Jonathan Klick

Friday, 7.7.2016

Event Studies in Practice (applications and examples)

LIST OF READINGS:

- . Sanjai Bhagat and Roberta Romano (2002), "Event Studies and the Law: Part I: Technique and Corporate Litigation," *American Law and Economics Review*.
- . Jonah Gelbach, Eric Helland, and Jonathan Klick (2013), "Valid Inference in Single Firm, Single Event Studies," *American Law and Economics Review*.
- . Michael Greenstone, Paul Oyer, and Annette Vissing-Jorgensen (2006), "Mandated Disclosure, Stock Returns, and the 1964 Securities Acts Amendments," *Quarterly Journal of Economics*.
- . Alberto Abadie, Alexis Diamond, and Jens Hainmueller (2010), "Synthetic Control Methods for Comparative Case Studies: Estimating the Effect of California's Tobacco Control Program," *Journal of the American Statistical Association*.
- . Guofu Zhou (1994), "Analytical GMM Tests: Asset Pricing with Time-Varying Risk Premiums," *Review of Financial Studies*.
- . Sanjai Bhagat and Roberta Romano (2002), "Event Studies and the Law: Part II: Empirical Studies of Corporate Law," *American Law and Economics Review*.
- . Jonathan Klick and Robert Sitkoff (2008), "Agency Costs, Charitable Trusts, and Corporate Control: Evidence From Hershey's Kiss-Off," *Columbia Law Review*.

TEACHING METHODS:

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Lecturer's Biographical Note:

Jonathan Klick is a professor of law and economics at the University of Pennsylvania (USA), holds a prestigious Erasmus chair of empirical research at the Erasmus University Rotterdam (The Netherlands) and is a professor of law and economics at Yale University (USA). He gained his PhD in economics at the George Mason University School of Economics in 2001 and soon afterwards in 2003 with cum laude also his PhD in law at the George Mason University School of Law (and received a special Whitney Writing Prize). He was also a visiting professor at the University of Columbia, University of Southern California – Berkeley, University of Canterbury, Northwestern University, Florida State University, Goethe-Universität Frankfurt, Max Planck Research School Berlin, Prince George's Community College London and at University of Hamburg. He was a senior economist at the RAND Corporation, an associate director of liability project at the American Enterprise Institute and served as econometric and legal consultant at Waddell & Reed Financial Advisors. Currently his is an editor of the International Review of Law and Economics, grant reviewer (National Science Foundation; Smith Richardson Foundation; Hong Kong Research Grants Council) and a referee for Journal of Law & Economics; Journal of Legal Studies; Journal of Law, Economics, and Organization; American Law & Economics Review; International Review of Law and Economics; Law & Social Inquiry; Supreme Court Economic Review; Review of Law and Economics; American Economic Journal: Applied Economics, Journal of Public Economics; Journal of Health Economics; Journal of Policy Analysis and Management; European Journal of Health Economics; Public Choice; Economic Inquiry; Southern Economic Journal; Eastern Economic Journal; Contemporary Economic Policy; Social Science Quarterly; Policy Studies Journal; Social Science & Medicine; Journal of Criminal Justice; Journal for the Scientific Study of Religion; Stanford Law Review; University of Pennsylvania Law Review; Adaptive Behavior; Aspen Publishers; Edward Elgar Publishing; Wolters Kluwer Law & Business Publishing; Oxford University Press; Cambridge University Press.

Jonathan Klick's work focuses on identifying the causal effects of laws and regulations on individual behavior using cutting-edge econometric tools. Specific topics addressed by Klick's work include the relationship between abortion access and risky sex, the health behaviors of diabetics, the effect of police on crime, addiction as rational choice, how liability exposure affects the labor market for physicians, as well as a host of other issues. His scholarship has been published in numerous peer-reviewed economics journals, including The Journal of Economic Perspectives, The Journal of Law & Economics, The Journal of Law, Economics, and Organization, and The Journal of Legal Studies. He has also published papers in The Stanford Law Review, The Columbia Law Review, and The University of Chicago Law Review.

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