



The Economics of Innovation

Course Content

It is widely believed that innovation is the key driver behind economic growth in developed economies, and even more so in Western Europe, Japan and the US. All three economic areas are short of natural resources and their most important good is human capital, e.g. a well educated labor force that creates innovations which can be sold on world markets.

Innovation sometimes is the offspring of coincidence but most often it is the outcome of targeted research. Successful research in turn depends both on human capital and on physical capital, such as research laboratories.

Economic policy sets the framework for research and innovation. Intellectual property rights (e.g. patents and trademarks) ensure that innovators receive a fair share of their efforts and governments try to set standards such that new technologies can reach a critical mass as soon as possible. This course discusses the economics behind innovation and offers answers for questions like::

- How can innovations be protected?
- What type of incentives does public policy create for innovation?
- How can firms use Intellectual Property Rights as business strategy devices?

This course hence endows students with the elementary skills necessary to understand the driving forces behind innovation at the firm level which enables them to judge and rate a firm's innovation policy.

Target group

This course is aimed at graduate students of management and economics who plan to work in academia, with high technology firms, or institutions that finance innovative firms such as banking, private equity or venture capital.

Course readings

Required text book:

- Scotchmer, Suzanne (2006), *Innovation and Incentives*, Cambridge, MA: MIT Press.

Additional readings will be announced during the progress of the course.



Course format

Lectures: Tuesdays, 10:15 to 12:00, Room KOL-G-204

Tutorials: Wednesday, 10:15 to 12:00, Room KOL-G-221 (Room change!)

Grading

This class gives 6 ECTS points. The lecture and tutorials will be graded based on:

Final exam (90%)

Tutorial activities (10%)

Students can use the credits for the following modules:

MA: Wahlpflichtbereich BWL 5

MA: Pflichtmodule ME

Final exam

The final exam is scheduled for June 16, 2015 from 10:15 to 11:45, room SOC-1-106.

It is a closed book exam!

Tutorial activities

The purpose of the tutorials is to deepen the understanding of the main concepts introduced in the lecture as well as to introduce and discuss basic theoretical models. A second focus is on applied empirical research, where students will read and discuss papers and get into touch with data. Up to 10 points (10% of the grade) can be obtained from a homework assignment, which can be solved in groups of 2 to 4 students.

Communication Policy

We will not answer emails with questions regarding the material covered in the lectures or the tutorials. We expect you to bring up your questions in the lecture or the tutorial or during office hours (see contact information below).



Contact

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