ECON 5058 W - Advanced Topics in Financial Economics

Financial Crises

Winter Term, 2018

Carleton University
Department of Economics
Instructor: Eric Stephens
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Loeb Building D-898

Meeting Times:

Lectures: Wednesdays, 8:35-11:25 a.m, Southam Hall 505.
Office hours: Wednesdays 12-2:00 p.m.
Website: Accessible through cuLearn at https://www.carleton.ca/culearn

Course Objectives:

This course provides an overview of the current major theories of financial crises, as well as applications to financial regulation.

Prerequisites:

ECON 5051 or ECON 5052, which may be taken concurrently with ECON 5058. Inquiries regarding registration should be made with the Department of Economics Graduate Administrator, Marge Brooks.

Required Textbook:

The course will loosely follow Understanding Financial Crises by Allen and Gale (2007). This book is available in electronic format at the library and is quite reasonably priced at about $20-30. Lectures will also focus on a number of journal articles, which are outlined on the reading list below. All other course materials will be provided on the web-page at https://www.carleton.ca/culearn.

Grading:

Marks are based on participation, an assignment, an in-class presentation, and a final exam. Weights are as follows:

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<th>Component</th>
<th>Weight</th>
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<tr>
<td>Participation</td>
<td>5 %</td>
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<td>Presentation</td>
<td>30 %</td>
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<tr>
<td>Assignment</td>
<td>20 %</td>
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<td>Final Exam</td>
<td>45 %</td>
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If the student fails to participate in class, to submit an assignment, or make an in-class presentation, he or she will receive a grade of zero for that component of the course grade. In order to write a deferred final exam, students must contact the Department of Economics Graduate Administrator, Marge Brooks.

Plagiarism:

Please be aware that plagiarism is serious offence at Carleton and should be recognized and avoided. For further information, please see Pammett on Plagiarism and Paraphrasing at http://www.carleton.ca/economics/courses/writing-preliminaries/.

Accommodation Statement:

You may need special arrangements to meet your academic obligations during the term. For an accommodation request the processes are as follows:

Pregnancy obligation: write to me with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details visit the Equity Services website: http://www2.carleton.ca/equity/

Religious obligation: write to me with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details visit the Equity Services website: http://www2.carleton.ca/equity/

Academic Accommodations for Students with Disabilities: The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or pmc@carleton.ca for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your Letter of Accommodation at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website for the deadline to request accommodations for the formally-scheduled exam (if applicable) at http://www2.carleton.ca PMC/new-and-current-students/dates-and-deadlines/

You can visit the Equity Services website to view the policies and to obtain more detailed information on academic accommodation at http://www2.carleton.ca/equity/
Reading List:

Materials denoted ** below are required reading and may be discussed in detail in class (time permitting). Other materials are supplementary (suggested) reading. Changes to the reading list (including additional references) may be made throughout the semester.

1 Introduction


2 Maturity Mismatch, Banks and runs


3 Contagion


4 Asset Pricing and Fragility


5 Interbank Markets and Central Bank Intervention


6 Regulation


7 Shadow Banking (time permitting)


** Adrian T., and A. Ashcraft “Shadow Banking Regulation”, Federal Reserve Bank of New York, Staff Report #559, April 2012.

** Adrian, Ashcraft, Boesky and Poszar “Shadow Banking”, Federal Reserve Bank of New York, Staff Report #458, February 2012.

8 Bubbles (time permitting)

9 Accounting Rules (time permitting)
