Syllabus

This second year Ph.D. course in the theory of corporate finance provides a rigorous introduction and prepares students for theoretical research in corporate finance.

Topics. The topics include security design (week 1-5), liquidity (week 6-8), and macro corporate finance (week 9-14). A tentative schedule is below.


Prerequisites, Requirements, and Miscellanea. No background beyond first year graduate microeconomics is required, although familiarity with contract theory and information economics is useful. Course requirements include problem sets, referee reports, and a final exam. The course meets on Wednesdays from 1:30pm to 4:30pm in DeSanctis seminar room. The first class meets on Wednesday, January 15. You can contact me by email at rampini@duke.edu. The teaching assistant is Shiming Fu and can be contacted at shiming.fu@duke.edu. There will be occasional review sessions conducted by the TA. There is a course web page with a schedule and additional course information (url http://faculty.fuqua.duke.edu/~rampini/finance953.htm).

1. Debt and Financing with Costly State Verification


Dang, T., G. Gorton, and B. Holmström, 2013, The information sensitivity of a security, working paper, Columbia University, Yale University, and MIT.


2. Security Design


3. Security Design with Moral Hazard


4. Dynamic Financing with Moral Hazard


5. Dynamic Financing with Limited Liability


DeMarzo, P., D. Livdan, and A. Tchistyi, 2013, Risking other people’s money: Gambling, limited liability, and optimal incentives, working paper, Stanford University and University of California, Berkeley.

6. Illiquidity and Search in Financial Markets


7. Illiquidity and Competitive Search


8. Illiquidity in Dynamic Asset Markets with Adverse Selection


Fuchs, W., and A. Skrzypacz, 2012, Cost and benefits of dynamic trading in a lemons market, working paper, University of California, Berkeley and Stanford University.


9. Financial Intermediaries


10. Dynamic Financing with Limited Enforcement


11. Financial Intermediation and the Macro Economy


12. Financing Constraints and Business Cycles


13. Collateral and Asset Prices


14. Collateral and Efficiency

Kilenthong, W., and R. Townsend, 2011, Market based, segregated exchanges with default risk, working paper, University of the Thai Chamber of Commerce and MIT.