Financial Contracting and the Business Cycle: Syllabus

This short graduate course discusses the implications of financial contracting for the business cycle and should be of interest to students of financial economics and/or macroeconomics. The topics include the effect of financial constraints due to agency problems and collateral constraints on economic activity and asset prices, the role of the capital of financial intermediaries, as well as the impact of financial constraints on capital reallocation. The course focuses on the theoretical literature, but relevant stylized empirical facts will also be discussed.


You can contact me by email at rampini@duke.edu. A web page with additional course information is available at http://faculty.fuqua.duke.edu/~rampini/oslo.htm.

The papers marked with a “*” will be discussed in detail. To prepare for the course, please read these four papers. In addition, a practice problem is posted on the course web page; solving this problem should also help you prepare for the course.

1. Financing Constraints and Business Cycles


2. Collateral and Asset Prices


3. Liquidity and Economic Activity


4. Capital Reallocation


