

List of References

Introduction

Textbooks in financial economics present major established theories and empirical results in a pedagogical, stream-lined way, while the academic papers, often available as working papers before they are published in leading journals, represent the dynamic development of our knowledge. The real action is, thus, in the papers. This reference list covers important areas in finance that during the last decade have undergone significant development on the theoretical side in general, and on the empirical side, in particular. In order to really understand financial economics, one, therefore, needs to be aware of recent developments and current trends in this remarkable area of economic research that has been awarded more Nobel Prizes than any other field within economics, broadly defined. Reading the textbooks is necessary but not sufficient in order to understand financial economics. Actually reading academic articles is an indispensable part of your active learning process! If you aim to take financial economics seriously, you should be always aware of the latest trends and ideas that constitute contemporary research curriculum. And the best way to do this is to read academic articles written by established researchers and published in the top journals.

The articles are listed in six sections: (i) Asset Pricing; (ii) Derivative Asset Pricing; (iii) Aspects of the Financial System; (iv) Corporate Governance - Law and Finance; (v) Corporate Governance - Labour, Politics and Finance; (vi) Corporate Finance. These sections correspond to six reading packages available in the library. The majority of articles come from leading journals in economics and finance: *The Journal of Finance*, *The Journal of Financial Economics*, *The American Economic Review*, *The Journal of Economic Perspectives*, *The Quarterly Journal of Economics*, *The Journal of Economic Literature*, etc. **All** the articles are **mandatory** because they constitute a considerable part of the final exam (75 points). There is no such thing as “more” or “less” important articles; each of them is equally likely to appear on the exam. Articles marked with an asterisk (*) are **those that will be discussed in the guiding seminars**. The rest of the articles should be read on your own, but you may turn to your teaching assistants if you have any questions. We strongly believe that this reference list is your starting point, and after completing this course you will continue pursuing the frontiers of financial economics!

Books

Required

Brealey, Richard A. and Stewart C. Myers, 2000, *Principles of Corporate Finance*, McGraw-Hill Inc., 6th edition (or higher).

Kohn, Meir G., 1994, *Financial Institutions and Markets*, McGraw-Hill Inc., 1st edition (or higher).

Optional

Berk, Jonathan and Peter De Marzo, 2007, *Corporate Finance*, Pearson International Student Edition, 1st edition.

Bodie, Zvi, Alex Kane and Alan J. Marcus, 2002, *Investments*, McGraw-Hill/Irwin, 5th edition (or higher).

Ross, Stephen A., Randolph W. Westerfield and Jeffrey Jaffe, 2002, *Corporate Finance*, Irwin, 6th edition (or higher).

Readings

1. ASSET PRICING

*DeLong, J. Bradford, and Konstantin Magin, The U.S. Equity Return Premium: Past, Present, and Future, *Journal of Economic Perspectives*, Vol. 23, No. 1, pp. 193–208.

Dimson, Elroy, Paul Marsh and Mike Staunton, 2000, Risk and Return in the 20th and 21st Centuries, *Business Strategy Review*, Vol. 11, Issue 2, pp. 1-18.

*Fama, Eugene F. and Kenneth R. French, 2004, The Capital Asset Pricing Model: Theory and Evidence, *The Journal of Economic Perspectives*, Vol. 18, No. 3, pp. 25-46.

Jagannathan, Ravi and Ellen R. McGrattan, 1995, The CAPM Debate, Federal Reserve Bank of Minneapolis Quarterly Review, Vol. 19, No. 4, pp. 2-17.

Perold, Andre F., 2004, The Capital Asset Pricing Model, *The Journal of Economic Perspectives*, Vol. 18, No. 3, pp. 3-24.

*Rubinstein, Mark, 2001, Rational Markets: Yes or No? The Affirmative Case, *Financial Analysts Journal*, Vol. 57, No. 3, pp. 15-29.

*Shleifer, Andrei and Lawrence H. Summers, 1990, The Noise Trader Approach to Finance, *The Journal of Economic Perspectives*, Vol. 4, No. 2, pp. 19-33.

Shleifer, Andrei, 2000, Are Financial Markets Efficient?, in Shleifer *Inefficient Markets: An Introduction to Behavioral Finance*, Oxford University Press, pp. 1-27.

2. DERIVATIVE ASSET PRICING

Lamont, Owen A. and Richard H. Thaler, 2003, Anomalies: The Law of One Price in Financial Markets, *The Journal of Economic Perspectives*, Vol. 17, No. 4, pp. 191-202.

Merton, Robert C., 1992, Financial Innovation and Economic Performance, *Journal of Applied Corporate Finance*, Vol. 4, Issue 4, pp. 12-22.

Stulz, Rene M., 2004, Should We Fear Derivatives?, *The Journal of Economic Perspectives*, Vol. 18, No. 3, pp. 173-192.

Stulz, Rene M., 2007, Hedge Funds: Past, Present, and Future, *The Journal of Economic Perspectives*, Vol. 21, No. 2, pp. 175-194.

3. ASPECTS OF THE FINANCIAL SYSTEM

*Agnblad, Jonas, Erik Berglöf, Peter Högfeldt and Helena Svancar, 2001, Ownership and control in Sweden: Strong Owners, Weak Minorities, and Social Control, in Fabrizio Barca and Marco Becht (ed), *The Control of Corporate Europe*, Oxford University Press.

*Brunnermeier, Markus K., 2009, Deciphering the Liquidity and Credit Crunch 2007–2008, *Journal of Economic Perspectives*, Vol. 23, No.1, pp. 77–100.

*Franks, Julian, Colin Mayer and Stefano Rossi, 2005, Ownership: Evolution and Regulation, ECGI Finance Working Paper No. 009/2003.

Gelfer, Stanislav, Katharina Pistor and Martin Raiser, 2000, Law and Finance in Transition Economies, *The Economics of Transition*, Vol. 8, Issue 2, pp. 325-368.

Högfeltdt, Peter, 2005, The History and Politics of Corporate Ownership in Sweden in Randall K. Morck (ed), *A History of Corporate Governance Around the World*, University of Chicago Press, pp. 517-580.

*La Porta, Rafael, Florencio Lopez-De-Silanes and Andrei Shleifer, 1998, The Economic Consequences of Legal Origins, *The Journal of Economic Literature*, Vol. 46, No. 2, pp. 285-332.

*Levine, Ross, 1997, Financial Development and Economic Growth: Views and Agenda, *Journal of Economic Literature*, Vol. 35, No. 2, pp. 688-726.

*Levine, Ross, 2005, Law, Endowments and Property Rights, *The Journal of Economic Perspectives*, Vol. 19, No. 3, pp. 61-88.

*Rajan, Raghuram G. and Luigi Zingales, 1998, Financial Dependence and Growth, *The American Economic Review*, Vol. 88, No. 3, pp. 559-586.

*Roe, Mark J. and Jordan I. Siegel, 2007, Political Instability and Financial Development, SSRN Working Paper No. 963214.

4. CORPORATE GOVERNANCE - LAW AND FINANCE

*Dyck, Alexander and Luigi Zingales, 2004, Private Benefits of Control: An International Comparison, *The Journal of Finance*, Vol. 59, No. 2, pp. 537-600.

*Dyck, Alexander, Natalya Volchkova and Luigi Zingales, 2008, The Corporate Governance Role of the Media: Evidence from Russia, *The Journal of Finance*, Vol. 63, No. 3, pp. 1093-1135.

*Johnson, Simon, Peter Boone, Alasdair Breach and Eric Friedman, 2000, Corporate Governance in the Asian Financial Crisis, *Journal of Financial Economics*, Vol. 58, Issue 1-2, pp. 141-186.

*La Porta, Rafael, Florencio Lopez-De-Silanes, Andrei Shleifer and Robert W. Vishny, 1999, Corporate Ownership Around the World, *The Journal of Finance*, Vol. 54, No. 2, pp. 471-517.

*Masulis, Ronald A., Cong Wang, and Fei Xie, Agency Problems at Dual-Class Companies, *The Journal of Finance*, Vol. 64, No. 4, pp. 1697-1727.

Rajan, Raghuram G. and Luigi Zingales, 2004, Making Capitalism Work for Everyone, *Journal of Applied Corporate Finance*, Vol. 16, Issue 4, pp. 101-108.

*Shleifer, Andrei and Robert Vishny, 1997, A Survey of Corporate Governance, *The Journal of Finance*, Vol. 52, No. 2, pp. 737-783.

Stulz, Rene M., 2008, Financial Globalization, Corporate Governance, and Eastern Europe, *NBER Working Paper No.* 11912.

5. CORPORATE GOVERNANCE - LABOR, POLITICS AND FINANCE

*Braun, Matias and Claudio Raddatz, 2008, The Politics of Financial Development: Evidence from Trade Liberalization, *The Journal of Finance*, Vol. 63, No. 3, pp. 1469-1508.

*Glaeser, Edward, Simon Johnson and Andrei Shleifer, 2001, Coase Versus the Coasians, *The Quarterly Journal of Economics*, Vol. 116, Issue 3, pp. 853-899.

Högfeldt, Peter and Martin Holmén, 2005, Pyramidal Discounts: Tunneling and Overinvestment?, *International Review of Finance*, Vol.9, Issue 1-2, pp. 133-175.

*Johnson, Simon, Rafael La Porta, Florencio Lopez-De-Silanes and Andrei Shleifer, 2000, Tunneling, *The American Economic Review*, Vol. 90, No. 2, pp. 22-27.

*Klapper, Leora, Luc Laeven and Raghuram Rajan, 2006, Entry Regulation as a Barrier to Entrepreneurship, *Journal of Financial Economics*, Vol. 82, Issue 3, pp. 591-629.

Pagano, Marco and Paolo Volpin, 2001, The Political Economy of Finance, *Oxford Review of Economic Policy*, Vol. 17, No. 4, pp. 502-519.

*Rajan, Raghuram G. and Luigi Zingales, 2003, The Great Reversals: The Politics of Financial Development in the Twentieth Century, *Journal of Financial Economics*, Vol. 69, Issue 1, pp. 5-50.

*Shleifer, Andrei, 2005, Understanding Regulation, *European Financial Management*, Vol. 11, No. 4, pp. 439-451.

6. CORPORATE FINANCE

To be completed later.