

Draft Reading List & Course Outline

FNCE 220/732: Issues in International Banking

The Wharton School

University of Pennsylvania

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This course focuses on international banks. We will examine how historical developments and current events are reshaping the industry as well as the basic analytics of managing a global institution's exposure to liquidity, market, operational, credit, reputational and country risks. Throughout the semester we will discuss current industry challenges and public policy issues such as systemic risk, proposed regulatory changes, the implications of Brexit and threats to the stability of the euro. We will place considerable emphasis on understanding current developments in the financial services industry. Virtually every class will begin with a discussion of news article distributed the evening before class. Since the new Administration seems committed to changing the regulatory structure and the way in which the US participates in supra-national organizations, this will be an especially interesting time to examine fundamental policy issues. The objective of this course is to provide you with a broad overview of the forces shaping international banking and a framework for understanding continuing changes.

The class format includes lectures and class discussions. I welcome your questions and comments. Indeed, your constructive classroom participation **will help boost your grade** if your final score is at a breakpoint in the distribution. More importantly, you will find the more actively you participate in class, the more easily you will master the material. To facilitate discussion please sit per the seating chart established on January 18th and display your name tent in each class.

The assignments page embedded in Canvas integrates the reading list, lecture notes and other class materials with direct links to the underlying files or material on the web. Some readings and assignments will undoubtedly change over the semester as events warrant. You can find the *provisional reading list* on the web should you wish to refer to it for logistical details, but please note that it will **not** be updated during the semester. You should regard the syllabus embedded in the assignment page as definitive regarding assignments, readings, and deadlines.

We will use excerpts from *Financial Institutions Management, A Risk Management Approach*, by Anthony Saunders and Marcia Cornett (S&C) as a basic reference, largely for the last part of the course. The relevant excerpts will be available at the bookstore in a book especially prepared for this course, *International Banking, FNCE-220/732* (Text). This book has been assembled specifically for our class to provide you with a cheaper alternative to the full textbook. If you have had no prior experience with the financial services industry or if you plan to build your career in the sector, however, you may want acquire the complete eighth edition of S&C. It has become the industry standard.

I have assigned several problem sets to help you think more deeply about the course material and to help you gauge your progress. Please attempt them before the relevant class. They will not be graded, but answers will be posted the week following relevant class (beside the problem set itself). Since some of the questions derive from former exams, you will find it rewarding to work through them carefully.

You will also be required to complete two projects that will be graded. Please use Canvas to form teams **no larger than five** to work on these projects as well as to submit projects and the current event assignments described below. All three sections of this course will be assigned the same projects and so please feel free to form teams that include students enrolled in other sections.

The first project will involve using accounting and market data to compare the performance of two internationally active banks. This project will also take you into some of the more subtle details of understanding annual reports. The second project will require you to compute value at risk (VaR) and perform a stress test for a relatively simple bank.

International banking is an especially dynamic sector of the financial services industry, so I urge you to follow current developments in the *Financial Times*, *Wall Street Journal*, or *The New York Times*. In addition, you may find it helpful to browse through some of the many periodicals that focus on banking or international finance such as *The American Banker*, *The Economist*, *Euromoney*, *The Financial Regulator*, *Global Finance*, *The International Economy*, *The Institutional Investor* (International Edition), and *Risk*. And you will undoubtedly want to sample some of the ever-growing number of blogs, some of which are collected and linked on Canvas in a resources folder that also contains a glossary of technical terms. I regard these resources as a collaborative project, so if you have found something useful that is not on the list (or a web link that is broken), please let me know and we will update the list.

To provide you with an incentive to follow current events, every two weeks you will be asked to submit an article (or blog) you have read that relates to concepts we have discussed in class. You should attach a copy of the article to your brief explanation of how it relates to the course. Your choice may illustrate a concept we have discussed in class or it may raise questions about conclusions reached in class. In either case, you should type two concise paragraphs explaining the relationship between the article and the course material and why you think it is important. This exercise must be undertaken individually (not in teams) and must be turned in electronically on (or before) the date specified for you to receive credit. Some of the most interesting articles will be posted in the Current Events folder on Canvas and discussed in class.

Please note I have designed this exercise to sharpen your writing skills as well as to enhance your understanding of current developments. The folder “Writing Assignment” in Files explains the rules you to follow to improve the clarity of your writing as well as a sample submission. It may seem an annoying constraint at first, but by the end of the course, students generally feel that they have improved their ability to write concise, effective memos. (This information is also provided for you at the top of the Syllabus page as well.)

Because this course has an unusually large number of students who were born outside the United States, I prefer to give mid-term examinations outside of regularly scheduled class periods so that time constraints can be relaxed. (This does not mean I intend to give you longer exams, only that I want you to have enough time to do your best.) It also permits me to obtain a much larger statistical sample to assign grades consistently across the three sections of the class. Following Graduate Division rules, MBAs must be graded on a prescribed distribution. There is no prescribed distribution for undergraduates. The first mid-term examination will take place on **Wednesday evening, March 1st, 6:00-8:00 pm**. The second mid-term will take place on **Thursday evening, April 18th, 6:00-8:00 pm**. Please consult these dates on the course calendar to see the room to which you are assigned. We will not have a final exam. In compensation for your willingness to take these mid-term exams outside the regularly scheduled class time, we will **not** hold class on Monday March 13th and Wednesday March 15th.

A folder on Canvas contains mid-term exams (along with answers) for the past two years. I have posted them for two purposes: (1) These exams can help you judge quickly whether this course fits your needs and interests. If you find these concepts do not interest you, this course is not a good fit. (2) These exams also indicate the *kind* of questions I am likely to pose. Please be aware, however, that the course does change from year to year both regarding concepts covered and the emphasis placed on particular topics so the questions on the exam you take may be different. Resist the temptation to study for the exams by focusing mainly on the sample exams rather than reviewing what we do in class. Please note these exams emphasize critical thinking, not memorization or computation.

Your grade will depend on your final score weighted as follows:

- 24% for the combined two projects
- 10% for your analyses of current events
- 33% for your grade on the first mid-term exam
- 33% for your grade on the second mid-term exam

If your weighted final score falls on a borderline, it will be adjusted upward if you have participated actively and effectively in class discussions. Last year 18 students benefitted from these adjustments.

Topical Outline of the Course

- I. Introduction and Overview of the Course**
 - A. The Evolution of Banks and Financial Intermediation
 - B. The Shadow Banking System
 - 1. Securitization

2. Hedge Funds

II. An Overview of the Business of Banking

- A. How Banks Generate Profits (usually)
- B. The Role of Capital in Banks
 - 1. Conceptual Issues
 - 2. Accounting and Regulatory Issues
- C. Taxes

III. Financial Crises

- A. Real Estate Booms and Banking Busts
- B. How Real Estate Booms and Banking Busts Can Lead to Sovereign Deb Crises
- C. The Safety Net for Financial Institutions
 - 1. The Safety Net in Principle: An International Comparative Example
 - 2. The Safety Net in Practice: Banks
 - a. The First Modern Bank Run: Continental Illinois National Bank
 - b. Recent Banking Crises: Northern Rock, Fortis, Dexia, WaMu, et al.
 - 3. Capital Market Crises
 - a. The Demise of the Big Five Investment Banks
 - b. The Vulnerability of Central Clearing Parties and Exchanges
- D. Private Sector Restructurings: The Good Bank/Bad Bank Model
- E. Resolution Policy and the Single Point of Entry Paradigm

IV. Risk Management

- A. Reputational Risk
- B. VaR and the Revolution in Financial Risk Management
- C. The Management of Credit Risk
- D. The Treasury Function: Managing Interest Rate Risk
- E. The Treasury Function: Managing Liquidity Risk
- F. Country Risk
 - 1. The Dynamics of Sovereign Debt Crises
 - 2. Sovereign Debt Crises and How They Are Resolved

I. Overview of the Course

A. The Evolving Structure of Official International Institutions (1/11)

Readings

Scan International Banking Glossary (a resource that you can use throughout the semester)

The following is compact summary of the international regulatory agenda for international banks and financial institutions:

“Letter to the Leaders of the G-20 from the Chair of the Financial Stability Board,” August 30 2016

For those with no prior experience in the financial services industry this brief article provides a useful survey and classification of the various categories

“Overview of the Banking Industry”

Class notes: The Evolution of International Financial Institutions

Assignment

Complete and Submit Student Questionnaire

II. Overview of the Business of Banking

A. How Banks Make Money (...usually) (1/18-23)

Readings

M. O’Connor, A. Chaim, R. Placet, and D. Ho, “How Banks Make Money,” pp.6-13. (Hereafter, excerpts from this publication are designated DB.) This monograph, written by the leading bank security analyst and his team, remains the best practical guide linking bank decision making to the balance sheet and income statement. The data are a bit stale and so focus on the concepts, not the statistics.

DB, “Credit”

DB, “Liquidity”

R.J. Herring, “Notes on Bank Accounting & Ratio Analysis”

If your recollection of accounting fundamentals is hazy, you may find it useful to watch a very basic review of income statement and balance sheet relationships on YouTube:

<http://www.youtube.com/watch?v=h31MANILkw0>

You may also enjoy a video analysis about how banks have made money from the policy of Quantitative Easing:

<http://www.youtube.com/watch?v=cxfMxpB9-Ds>

If you want to dig into the details of OCI, see CFA Institute, "Analyzing Bank Performance: Role of Comprehensive Income"

Class notes: How Banks Make Money (usually...)

B. Financial Statement Analysis (1/25)

Readings

Saunders and Cornett, “Financial Statement Analysis Using a Return on Equity (ROE) Framework”

DBE, “The Valuation of Bank Stocks”

You may sample these according to your interest

DB, “Banks Stocks: How they are Valued”

(This reading is somewhat redundant with the prior reading, but it is interesting to see the different issues highlighted in valuing European stocks.)

FitchRatings, “Bank Rating Process,” excerpt from Criteria Report: Bank Rating Methodology

Provisions and the allowance for loan loss are unique to banks. If you would like some extra help in mastering this concept, Breaking Into Wall Street has produced a simple, but clear video, “The Loan Loss Allowance for Banks” <https://www.youtube.com/watch?v=CpmcGxBwhEc>

Class notes: Continuation of “How Banks Make Money...” from the previous lecture

Assignment

Financial Analysis of Banks

C. Regulatory Capital and the G-SIB Designation (1/25-1/30)

Readings

“Bank Capital and Liquidity,” M. Farag, D. Harland, and D. Nixon

DB, “Capital”

"2016 list of global systemically important banks (G-SIBs)," Financial Stability Board, November 21, 2016

“Definition of Regulatory Capital” FDIC, pp. 7-19.

If you would like to examine a proposal to simplify regulatory capital, see

"The Evolving Complexity of Capital Regulation," R. Herring

For those who like learning by video, a very simplistic explanation of capital and leverage ratios can be found on YouTube: <http://www.youtube.com/watch?v=1-neFtPSMLU>

(But beware: the author uses too broad a definition of core capital for the leverage ratio and makes a qualitatively wrong inference about risk-weighting assets. Risk-weighted assets are almost always significantly lower than total assets.)

BNPParibas/Fortis has produced a very simple video overview of Basel III at:

<http://www.youtube.com/watch?v=CVsjFVEZnCE>

Class notes: The G-SIB Designation & Regulatory Capital

Distribution of Group Project #1: Comparing and Contrasting the Performance of Global, Systemically Important Banks

D. Optimal Capital and the Cost of Equity Capital (2/1-2/6)

Readings

A. Berger, R. Herring and G. Szegö, 1995, "The Role of Capital in Financial Institutions," Reprinted in *The Regulation and Supervision of Banks*, edited by Maximilian J.B. Hall, The International Library of Critical Writings in Economics, Edward Elgar Publishing Limited

"On the Relevancy of Modigliani and Miller to Banking: A Parable and Some Observations," P. Pfleiderer

"What do the banks' target returns on equity tell us?" Martin Wolf, *Financial Times*, September 25, 2011

You may sample these according to your interest

"The Parade of the Bankers' New Clothes Continues: 23 Flawed Claims Debunked," *The Parade of the Bankers New Clothes Continues.pdf* A. Admati and M. Helwig

R.J. Herring, 2011, "Fair Value Accounting and Financial Instability," Reprinted from *Encyclopedia of Financial Globalization*

Class notes: Conceptual Issues: The Role of Capital & Cost of Equity Capital

E. Disintermediation, and the Growth of the Shadow Banking System (2/8-2/13)

1. Shadow Banking in General

Readings

S. Claessens, Z. Pozsar, L. Ratnovski, and M. Singh, "Shadow Banking: Economic and Policy," pp. 1-36

D. Tarullo, "Thinking Critically About Non-Bank Financial Intermediation," pp. 1-13, November 17, 2015

S. Fischer, "Financial Stability and Shadow Banks: What We Don't Know Could Hurt Us," pp. 1-11, December 3, 2015

Financial Stability Board, "Global Shadow Banking Monitoring Report 2015," November 12, 2015, read pp. 1-19, browse the remainder according to your interest. The 2016 report has been delayed, but should be available early in the semester.

Sample according to your interest

For background on the relationship between regulation and the non-bank financial intermediation see the following:

P. Olson, "Regulation's Role in Bank Changes," pp. 13-20

N. Cetorelli, B. Mandel, and L. Mollineaux, "The Evolution of Banks & Financial Intermediation: Framing the Analysis," pp. 1-12

For more background on securitization see:

V. Bod and J. Santos, "The Rise of the Originate-To-Distribute Model and the Role of Banks in Financial Intermediation," pp. 21-34

N. Cetorelli and S. Peristiani, "The Role of Banks in Asset Securitization," pp. 47-63

For a comprehensive overview of RePo and Securities lending see:

Baklanova, Copeland, and McCaughrin, "Reference Guide to U.S. RePo and Securities Lending Markets," OFR, September 9, 2015

For shadow banking development in other domains see:

"Bringing Light Upon the Shadow, A Review of the Chinese Shadow Banking Sector," Andrew Sheng, Christian Edelmann, Cliff Sheng, and Jodie Hu, Oliver Wyamn/Fung Global Institute, 2015

"Non-banks Shake-up Dutch mortgages," *The Economist*, December 27, 2016

"Peer-to-peer lending, From the people, for the people," *The Economist*, May 9, 2015

"Virtual Currencies: Emerging Regulatory, Law Enforcement, and Consumer Protection Challenges," GAO Report, May 2014

For those who enjoy learning by watching videos, two useful videos on Shadow Banking appear on YouTube: http://www.youtube.com/watch?v=_mq1Nh1hIXk

<http://www.youtube.com/watch?v=v3rfgkTAlho>

In addition, you may enjoy these videos on securitization by bionicturtledotcom:

<http://www.youtube.com/watch?v=iTehIK4nF6w>

<http://www.youtube.com/watch?v=cuG4kcGu6tA>

http://www.youtube.com/watch?v=Sac-qiZoU_0

<http://www.youtube.com/watch?v=KvG3X7KPb3M>

<http://www.youtube.com/watch?v=oWGY-NYzz0g>

And just for fun (and for the amazing foresight of two comedians in the fall of 2007) watch:

<http://www.youtube.com/watch?v=z-oIMJMGd1Q>

Class Notes: Shadow Banking

2. Hedge Funds, An example of institutions operating in the shadows (2/15)

The Economist explains: "How hedge funds work," *The Economist*, March 30, 2015

C. Geczy, 2010, "Thoughts on the Future of the Hedge Fund Industry", read pp. 1-7, sample the rest according to your interest

J. Stewart, "Hedge Fund Math: Heads We Win, Tails You Lose," *New York Times*, December 22, 2016

L. Fletcher, "Clients Want Hedge Funds but Not Their Big Bets," *Wall Street Journal*, January 4, 2017.

"Fund managers, Assets or liabilities? Regulators worry the asset management industry may spawn the next financial crisis," *The Economist*, August 2, 2014

"The Ties that Bind: The Prime Brokerage Relationship," A. Pinedo and M. Beck, Morrison & Foerster, pp1-2 and pp. 4-11

Class Notes: Hedge Funds & Financial Stability

Assignment

How Do Hedge Funds Differ from Other Financial Institutions?

F. Taxes and the Corporate Structure and Location of International Banking Activities (2/20)

Readings

“International Taxation,” Wikipedia.org

“Lesson from the taxation of cross-border banking for new financial taxes,” VOX, H. Huizinga, W. Wagner, J. Voget

If you would like more detail on some current international tax issues see the following:

"Republican Plans to Cut Corporate Taxes May Have Unpleasant Side-Effects," The Economist, December 17, 2016

R. Rubin, "Bank of America Finds Profit in Foreign Tax Credit Moves," Bloomberg, April 2, 2013

V. Houlder and M. Murphy, J. Gerth, "Did Barclays Help U.S. Banks Get Underserved Foreign Tax Credits?" Financial Times and Pro Publica, September 5, 2011

Class Notes: Taxation and the Corporate Structure and Geographic Location of International Banking

Assignment

Taxes and the Geographic Distribution of Banking Activity

III. Risk Measurement and Management

A. VaR and the Revolution in Risk Management (2/22 - 2/27)

Readings

Text, pp. 88-110

G. Guill, 2007, “Bankers Trust and the Birth of Modern Risk Management”

R.J. Herring and T. Schuermann, “Capital Regulation for Position Risk in Banks, Securities Firms, and Insurance Companies,” pp. 84-100

Class Notes: Managing and Regulating Market Risk

Assignment

Text, pp. 118-122, #5, 6, 18, & 21

You may find the following videos to be helpful

Expected Shortfall (ES) Bionic Turtle <https://www.youtube.com/watch?v=eHGJFOjyZr4>

Extreme Value Theory (EVT) Bionic Turtle

<https://www.youtube.com/watch?v=o-cpu1IH3tM>

B. The Treasury Function: Managing Interest Rate Risk (3/1 - 3/20)

Readings

Text, pp. 2-85

Class notes: The Treasury Function: Funding the Bank Subject to Liquidity and Interest Rate Risk Constraints

Assignment

Text pp. 66-68, #3, 4, 16, & 17

C. The Treasury Function: Managing Liquidity Risk & The Regulation of Liquidity Risk (3/22 - 3/27)

Readings

Text, pp. 243-266

“Bank Liquidity Requirements: An Introduction and Overview,” by Douglas Elliott, The Brookings Institution, June 23, 2014, read pp. 22-30, sample the rest according to your interest

For those with advanced training in economics or a special interest in liquidity, a survey by a recent winner of the Nobel Prize in Economics

J. Tirole, 2011, “Illiquidity and All Its Friends,” *Journal of Economic Literature* 49(2): pp.287-325

Class Notes: Liquidity, Liquidity Risk Management & Liquidity Regulation

D. The Management of Credit Risk (3/29- 4/3)

Readings

Text, pp. 126-168, 180-193

Class notes: Credit Risk

Assignment

Text, pp. 168-176, #11, 20, 25, 26, 27 & 38

E. The Evolution of the Regulation of Credit Risk: Basel I, II & III (4/5 - 4/10)

Readings

“Bank Regulatory Capital: Why We Need It,” *Breaking Into Wall Street*

Basel III: Comparison of Standardized and Advanced Approaches, Capgemini, 2014, read pp. 1-13

“Standardized Approach,” FDIC, pp. 21-35.

Sample according to your interest

R.J. Herring, “The Rocky Road to Implementation of Basel II in the United States”

For those who enjoy learning by video, the bionicturtle.com has a series of useful YouTube posts:

<http://www.youtube.com/watch?v=o2kGYUP7Vro>

<http://www.youtube.com/watch?v=oWGY-NYzz0g>

<http://www.youtube.com/watch?v=oWGY-NYzz0g>

BNPParibas/Fortis has produced a very simple video overview of Basel III at:

<http://www.youtube.com/watch?v=CVsjFVEZnCE>

Class Note

Basel I, II & III (A Reader’s Digest Guide to the Denominator)

F. Fundamentals of Country Risk Analysis

Readings

Text, pp. 197-228 21

A. Mares, "Ask Not Whether Governments Will Default, but How," Morgan Stanley, 26 August 2010

Economist, "The Merkel memorandum," August 11, 2012

Class Notes: Country Risk Analysis

IV. Financial Crises

A. The Regulatory Assault on Too Big To Fail: Living Wills, TLAC & Resolution Policy (4/12)

Resolution Plan Assessment Framework and Firm Determinations (2016)

"The Cross-Border Challenge in Resolving Global Systemically Important Banks," J. Carmassi and R. Herring," 2015

"Safe to Fail," T. Huertas, May 2013

"TLAC, and Then Some....A preliminary assessment of the Federal Reserve's NPR," Morrison|Foerster, November 1, 2015

Class Notes: The Regulatory Assault on Too Big To Fail: Living Wills, TLAC & Resolution Policy

B. Real Estate Booms & Banking Busts (4/17)

Readings

R. Herring and S. Wachter, "Real Estate Booms and Banking Busts: An International Perspective"

"Popping property bubbles: Choosing the right pin," The Economist, August 30, 2014

"Location, location, location: Global house prices" The Economist, October 7, 2015

DBE, "Case study: the Celtic Tiger"

Class note

Real Estate Booms and Banking Busts

Assignment

Why Are Real Estate Prices Especially Prone to Bubbles?

C. The Safety Net in Principle: An International Comparative Perspective (4/19)

Readings

P. Tucker, "The lender of last resort and modern central banking: principles and reconstruction," in BIS Papers, No. 79, Rethinking the lender of last resort, pp. 1-42B. Keoun and P. Kuntz, "Wall Street Aristocracy Got \$1.2 Trillion from Fed," Bloomberg.com, 22 August 2011

Read according to your interest

DBE, "The Lender of Last Resort: the ECB"

T. Humphrey, "Lender of Last Resort: What it is, whence it came and why the Fed isn't it," Cato Journal, Spring 2010, pp. 333-364.

Class note: The Safety Net in Principle: An International Comparative Perspective

Assignment
The Safety Net

D. The Safety Net in Practice: Continental Illinois, Northern Rock, et al (4/24)

Readings

Continental Illinois and “Too Big to Fail,” Ch. 7 in An Examination of the Banking Crises of the 1980s and Early 1990s, FDIC, 1997, pp. 235- 257

D. Llewellyn, 2008, “The Northern Rock Crisis: A Multi-Dimensional Problem Waiting to Happen,” Journal of Financial Regulation and Compliance 16(1), pp. 35-58

“Rock carving: Splitting Northern Rock is just the beginning,” The Economist, 29 October 2009

S. Claessens, R.J. Herring, and D. Schoenmaker, A Safer World Financial System: Improving the Resolution of Systemic Institutions, Geneva Studies on the World Economy 12, pp. 49-55

Class note: Systemic Risk, The Safety Net in Practice: Continental, Northern Rock, et al

E. Systemic Risk: Capital Markets

Readings

D. Duffie, “Replumbing our Financial System: Uneven Progress,” 23 April 2012
For more on the intricacies of secured funding you may find the following videos to be of interest:

http://www.youtube.com/watch?v=qF11rk1M_Rw

<http://www.youtube.com/watch?v=GTTePQucg68>

DBE, “Investment Banks”

S. Claessens, R.J. Herring, and D. Schoenmaker, A Safer World Financial System: Improving the Resolution of Systemic Institutions, Geneva Studies on the World Economy 12, pp. 41-50

Sample according to your interests

House Banking Committee Release of Confidential Bear Stearns Memo H. Miller, “Lehman – An Unnecessary Tragedy – Lessons that Should Have Been Learned,” 25 July 2012

“Lehman, two years on: Mission unaccomplished,” The Economist, 9 September 2010

R. Drew, “Goldman Sachs Group Inc.,” New York Times, 19 October 2010

Class note: The Demise of the Big Five Investment Banks

Assignment

The Demise of the Big Five Investment Banks

F. After the Crisis had Occurred: Restructuring Financial Institutions

Readings

McKinsey, “Managing Successful Bank Restructuring: The Mellon Bank Story,” November 2003

J. Bulow and P. Klemperer, “Reorganizing the banks: Focus on the liabilities, not the assets,” VOX, 21 March 2009

R. Hall and S. Woodward, "The good bank/bad bank debate: A new proposal: The right way to create a good bank and a bad bank," from Hall-Woodward blog, Financial Crisis and Recession, 23 February 2009.

W. Buiter, "Good Bank vs. Bad Bank: Don't touch the unsecured creditors! Clobber the taxpayer instead. Not." FT.com, 13 March 2009

"The Single Point of Entry Strategy," Federal Deposit Insurance Corporation, December 2013

Class notes: Bank Restructuring: Opportunities and Pitfalls

Assignment: Text pp. 230-231, # 6, 9, 11, 17 & 20

G. The Dynamics of Sovereign Debt Crises

Readings

...to be supplied reflecting current developments

"Sovereign-debt theories: Domino theory," The Economist, 18 February 2010

M. Wolf, "Is there the will to save the eurozone?" Financial Times, 7 December 2010

Class notes: The Dynamics of Debt Crises and How They Are Resolved

H. Fundamentals of Country Risk Analysis

Readings

Text, pp. 197-228 21

A. Mares, "Ask Not Whether Governments Will Default, but How," Morgan Stanley, 26 August 2010

Economist, "The Merkel memorandum," August 11, 2012

Class notes: Country Risk Analysis