Class Details

ECON-UA9225001 Financial Crises
Spring 2015
Mondays, 9am–12pm*
Location to be confirmed.

*There is one non-Monday meeting time on the Legislative Day

Instructor Details

John Volpe
jmv7@nyu.edu

I do not have scheduled office hours but will be available before and after each class and by arrangement

Prerequisites

Both (1) ECON-UA 1/9001 Intro to Macroeconomics (or BPEP-UB 2, or ECON-AD 102), and (2) ECON-UA2/9002 Intro to Microeconomics (or ECON-UB 1, or ECON-AD 101)

Class Description

This course will examine the global financial crisis of 2007-2009, including the hypotheses underlying the origins and propagation of the crisis, and the policy responses that occurred along a variety of dimensions. Topics covered will range from the role of financial institutions (banking and shadow banking) and capital markets, overview of emergency measures taken including monetary and fiscal policy, and regulatory reform both domestic and abroad.

The course will be a combination of lecture, discussion and occasional meetings with outside participants (dates and participants to be determined) who have played a role in the financial crisis and policy response.
Desired Outcomes

1. What were the causes of the financial crisis of 2007-2009?

2. What were the sources, if any, of market failure?

3. What emergency measures were taken in response to the financial crisis?

3. Were monetary and fiscal policies effective in mitigating the impact of the financial crisis?

4. What regulatory changes were put into place as a result of the financial crisis and will they be effective in preventing a future financial crisis??

Assessment Components

Course grades will be based upon the following components:

a. Two exams based upon the scheduled topics/readings found in the syllabus (below), and a cumulative final exam, each of which is worth 20% of the final grade.

b. One term paper (12-15 pages in length), properly researched and footnoted, on a topic related to the 2007-2009 financial crisis, chosen by the student and approved by me. See course outline below for due date. The paper is worth 25% of the final grade. Each student will present his/her research findings to the class (10% of the final grade). See rubric at the end of the syllabus for the research paper/oral presentation grading criteria.

c. Attendance/participation in classroom discussions (5% of the final grade).

Failure to submit or fulfill any required course component results in failure of the class.

Grade conversion

NYU Washington, DC uses the following scale of numerical equivalents to letter grades:

<table>
<thead>
<tr>
<th>Numerical</th>
<th>Letter</th>
</tr>
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<tbody>
<tr>
<td>100-94</td>
<td>A</td>
</tr>
<tr>
<td>93-90</td>
<td>A-</td>
</tr>
<tr>
<td>89-87</td>
<td>B+</td>
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<tr>
<td>76-74</td>
<td>C</td>
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<tr>
<td>73-70</td>
<td>C-</td>
</tr>
<tr>
<td>69-67</td>
<td>D+</td>
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</table>
Attendance Policy

Study abroad at Global Academic Centers is an academically intensive and immersive experience, in which students from a wide range of backgrounds exchange ideas in discussion-based seminars. Learning in such an environment depends on the active participation of all students. And since classes typically meet once or twice a week, even a single absence can cause a student to miss a significant portion of a course. To ensure the integrity of this academic experience, class attendance at the centers is mandatory, and unexcused absences will affect students' semester grades. Students are responsible for making up any work missed due to absence. Repeated absences in a course may result in failure. At all Global Academic Centers, unexcused absences will be penalized with a two percent deduction from the student’s final course grade.

To seek an excused absence for medical reasons, students must email or discuss with the Academic Program Coordinator in advance of their missed class. For an excused absence, students must produce a doctor’s note dated with the exact dates of the missed class and/or exam.

Non-medical absences must be discussed with the Academic Program Coordinator prior to the date(s) in question, who will communicate the absence to all relevant faculty members. If faculty members do receive notification, the student has not procured an excused absence.

NYU Washington, DC expects students to arrive to class promptly (both at the beginning and after any breaks), to be attentive, and to remain for the duration of the class. If full class attendance and participation becomes a problem, it is the prerogative of each instructor to apply the rule for unexcused absences, which may include a two percent deduction from the student’s final course grade.

Students are responsible for making up any work missed due to absence. This means they should initiate email and/ or office hour discussions to discuss any missed lectures and assignments and arrange a timeline for submitting missed work.

Please note that for classes involving a field trip or other external visit, transportation difficulties are never grounds for an excused absence. It is the student’s responsibility to arrive at the
announced meeting point in a punctual and timely fashion. Staff members may always be reached by cell phone for advice regarding public transportation.

Late Submission of Work

1) Written work due in class must be submitted during the class time to the professor.

2) Late work should be emailed to the faculty as soon as it is completed. (If the assignment must be submitted in person, the Academic Program Coordinator can collect on behalf of the faculty between the hours of 9–5, M–F.)

3) Late work will be reduced for a fraction of a letter grade (e.g.,: A to A-, A- to B+, etc.) for every day it is late, including weekends.

4) Written work during the semester that is submitted 5 days after the submission date (including weekends) without an agreed extension fails and is given a zero.

5) Students who arrive to class late for an exam do not have automatic approval to take extra time to complete the exam.

6) Students who miss an exam (including the final) without previously arranged permission will receive a zero on that exam.

7) Assignments due during finals week that are submitted more than 3 days without previously arranged extensions will not be accepted and will receive a zero. Any exceptions or extensions for work during finals week must be discussed with the Site Director.

Students with Disabilities

Accommodations are available for students with documented disabilities. Please contact the Moses Center for Students with Disabilities at +1-212-998-4980 or see their website (http://www.nyu.edu/life/safety-health-andwellness/students-with-disabilities.html) for further information.

Plagiarism Policy

As the University's policy on "Academic Integrity for Students at NYU" states: "At NYU, a commitment to excellence, fairness, honesty, and respect within and outside the classroom is essential to maintaining the integrity of our community. By accepting membership in this community, students take responsibility for demonstrating these values in their own conduct and
Students at Global Academic Centers must follow the University and school policies.

The presentation of another person’s words, ideas, judgment, images, or data as though they were your own, whether intentionally or unintentionally, constitutes an act of plagiarism.

NYU Washington, DC takes plagiarism very seriously; penalties follow and may exceed those set out by your home school. All your written work must be submitted as a hard copy AND in electronic form to the instructor. Your instructor may ask you to sign a declaration of authorship form.

It is also an offense to submit work for assignments from two different courses that is substantially the same (be it oral presentations or written work). If there is an overlap of the subject of your assignment with one that you produced for another course (either in the current or any previous semester), you MUST inform your professor.

For guidelines on academic honesty, clarification of the definition of plagiarism, examples of procedures and sanctions, and resources to support proper citation, please see:

http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/academic-integrity-for-students-at-nyu.html

http://gls.nyu.edu/page/gls.academicintegrity

http://cas.nyu.edu/page/academicintegrity


Required Text


Supplemental Text(s) (not required for purchase)


Internet Research Guidelines

When utilizing resources from the Internet, please cite appropriately and whenever possible, reference specific documents (rather than home or menu pages) and provide an address that works.

Additional Required Equipment

None

Sessions 1, 2 – February 2 and February 9, 2015

An Overview of the 2007-2009 Financial Crisis

- Acharya and Richardson, Restoring Financial Stability: How to Repair a Failed System, prologue – p. 25, pp. 57-60

February 16, President’s Day, No Class

Sessions 3, 4 – February 23 and March 2, 2015

Objectives of Money and Capital Markets; the Role of Financial Institutions (Banking and Shadow Banking); Risk and Financial Instability in the Financial System

Session 5 – March 9, 2015 First In-Class Exam (one-half class period)

The Shadow Banking System


- Pozsar, Zoltan; Adrian, Tobias; Ashcraft, Adam; and Boesky, Hayley, “Shadow Banking,” Staff Report, Federal Reserve Bank of New York, July 2010.


Sessions 6, 7 – March 16 and March 30, 2015

March 23, Spring Break, No Class

Securitization and its Consequences


Session 8 – April 6, 2015

The Critical Week: Early September 2008 – Lessons in Crisis Policy Making


Session 9 – April 13, 2015
The Fed Charges to the Rescue


Session 10 – April 20, 2015 Second In-Class Exam (one-half class period)

Global Repercussions – UK, Iceland, Greece, Ireland


Session 11 – April 27, 2015

Basel I, II, and III – Capital and Liquidity Reforms


Session 12 – May 4, 2015 Term Papers Due; Presentations Made
The Interactions between the Financial Crisis and the Recession of ’08: Monetary Policy 2000-2011


The Dodd-Frank Act (2010) and Thereafter


Policy Responses in the EU; EU Stress Testing; Financial Architecture

- Sahlman, William A. “Management and the Financial Crisis (We Have Met the Enemy and He Is Us), Harvard Business School, 2009.

May 18, 2015: Final Exam

Required Co-curricular Activities
**Suggested Co-curricular Activities**

Occasional Guest Speakers will be scheduled when available.

**Your Instructor**

John Volpe received his Ph.D. degree in economics from New York University, where he was a teaching fellow. He has held executive-level positions in the corporate, trade association, foundation, think-tank, consultancy, and academic arenas. Dr. Volpe has taught undergraduate and graduate courses in finance and economics at New York University, Georgetown University, George Mason University, George Washington University, Johns Hopkins University, and Catholic University, among other institutions. He has published extensively, mainly in the area of public policy, made numerous presentations to academic institutions, businesses, associations, and corporate groups, and consulted for a number of government agencies (including the Departments of State and Labor, and the U.S. Agency for International Development), associations (including the Employment Policies Institute, and the Association for Healthcare Philanthropy), think tanks (including Stanford Research Institute, the National Planning Association, the International Trade and Investment Center, and the Center for International Private Enterprise), and domestic and international corporations (including TRW and Diageo).

### RESEARCH PAPER/ORAL PRESENTATION GRADING CRITERIA

<table>
<thead>
<tr>
<th>Objective Criteria Paper</th>
<th>Superior Paper Write-Up (90% - 100%)</th>
<th>Good Paper Write-Up (80% - 89%)</th>
<th>Satisfactory Paper Write-Up (70% - 79%)</th>
<th>Unsatisfactory Paper Write-Up (≤ 69%)</th>
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<tbody>
<tr>
<td>Documentation</td>
<td>All references were important and effectively used in the research paper analysis, and were of strong scholarly quality, with at least eight references coming from</td>
<td>Most references were important and effectively used in the case analysis, and were of good scholarly quality, with six to seven references coming from scholarly</td>
<td>Some references were important and effectively used in the case analysis, and only some were of good scholarly quality, with three to five references coming from</td>
<td>Most references were not important and not effectively used, only one or two references coming from scholarly resources (for example, journal articles);</td>
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<td>Identification of Issues</td>
<td>The finished written document showed a complete understanding of the subject matter, and identified all of the key issues</td>
<td>The finished written document contained several minor errors in subject matter knowledge, and identified most of the key issues</td>
<td>The finished written document contained a number of errors in subject matter knowledge, and identified only some of the key issues</td>
<td>The finished written document demonstrated only a minimal understanding of the subject matter, contained a number of errors in subject matter knowledge, and did not effectively state the key issues</td>
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<td>Grammar and Usage</td>
<td>The finished written document was consistently clear and concise, free of grammatical errors, and formatted according to the APA style</td>
<td>The finished written document was formatted according to APA style, but exhibited occasional lapses in sentence structure and organization, and contained several grammatical errors</td>
<td>The finished written document contained a number of errors in APA format, and contained mechanical errors that made understanding the analysis and conclusions more difficult</td>
<td>The finished written document was unorganized, contained numerous grammatical errors, was not formatted according to the APA style, and was difficult to comprehend</td>
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<tr>
<td>Analysis</td>
<td>The finished written document was objective, and fully integrated</td>
<td>The finished written document was generally objective, and</td>
<td>The finished written document was only occasionally objective; it</td>
<td>The finished written document did not integrate the citations noted</td>
</tr>
<tr>
<td>Objective Criteria Paper Oral Presentation</td>
<td>Superior Oral Presentation (90% - 100%)</td>
<td>Good Oral Presentation (80% - 89%)</td>
<td>Satisfactory Oral Presentation (70% - 79%)</td>
<td>Unsatisfactory Oral Presentation (≤ 69%)</td>
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<td>Presenter had a strong command of the topic, spoke loudly and clearly, and strictly adhered to the time allotted; presenter dressed appropriately for the occasion; presenter effectively informed audience of the topic and key findings, made minimal use of notes and did not read the presentation; presenter made effective use of visual aids (charts,</td>
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<td>integrated only some of the citations noted in the bibliography; it made infrequent use of quantitative and qualitative analysis.</td>
<td></td>
<td></td>
<td>in the bibliography; it did not answer the questions the author posed; it did not include quantitative and qualitative analysis and was mainly opinion-based.</td>
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diagrams, graphs, etc.); presenter provided cogent summary handout for audience

presenter occasionally read a portion of his/her remarks, presenter made use of some visual aids, but one or more were difficult to comprehend; provided a summary of most but not all of the key points of his/her research