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Objective: The objective of this course is to introduce doctoral students from diverse fields to different mathematical models in the accounting, finance, and taxation literature. Classic and current models from asset pricing, information, contracting and incentives, taxation will be discussed. While the course will be mathematically rigorous in its essence, it will tend to focus quite a bit on the modeling intuition and insights.

Course Style: This course will be conducted primarily as a seminar/workshop lectures. Student participation is highly encouraged. While studying different models, we will always ask the following basic but critical questions:

1. What research question is the model investigating?
2. What is the marginal contribution of the model to the literature?
3. What assumptions are being made? Are these assumptions sensible?
4. Is the model internally consistent?
5. Can the model be empirically tested?

Evaluation: There will be one final examination

Office Hours: By Appointment

Recommended Material: Although the course material is primarily based on journal articles, the following books should prove to be useful as references.


Journals (some of the common ones):
AER- American Economic Review
CAR- Contemporary Accounting Research
Econometrica
Economic Theory
JAAF- Journal of Accounting, Auditing & Finance
JAE- Journal of Accounting & Economics
JAR-Journal of Accounting Research
JF- Journal of Finance
JFE- Journal of Financial Economics
JFQA: Journal of Financial and Quantitative Analysis
JET- Journal of Economic Theory
JBE-Quarterly Journal of Business and Economics
Management Science
RAST- Review of Accounting Studies
TAR- The Accounting Review
List of Topics (Tentative)

1. Preferences and Utility Theory
   Preferences with Uncertain Returns
   Utility functions and their properties
   Risk Aversion and Risk Premia
   Stochastic Dominance and Applications

2. Value of Information
   Statistical versus Economic Notions
   Public Information versus Private Information

3. Models of Capital Markets
   Market Efficiency Concepts
   Arbitrage
   Complete Markets
   Incomplete Markets

4. Models of Asset Pricing (including Derivatives) in Discrete and Continuous Time with Full Information and Complete Markets
   Single Period Model
   Multiperiod Discrete time Model
   Continuous time Models
   Accounting Based Model
   Habit Based Models

5. Asset Pricing with Asymmetric Information
   Rational Expectations Model

6. Incentives and Contract Design
   Principal Agent Problem in Discrete Time
   Principal Agent Problem in Continuous Time

7. Models of Taxation
   Introduction to Taxes
   Valuing Deferred Taxes