

Summary

MacroFinance I: A Model of Bubbles and Crises

Smirnov A.D.

Proposed a model of financial bubbles and crises based upon the methodology of complex systems analysis. The irrationality of financial investors, as it was well known, had been empirically explained by «the greater fool theory». This process, in modern terms, was represented as the autocatalytic process leading to a system's singularity. It was shown how the procedures (slice and dice) of a CDO synthesis generated the excess growth of the securitized assets value. The latter being coupled with the high le-verage might produce the total collapse of a financial system. On a macrolevel the behaviour the of a system was modeled by a differential equation depending on three parameters. Such an outcome was explained on the system's microlevel as a process of financial percolation which was modeled, quite surprisingly, by the same equation of a Bernoulli type. Invariant constants of percolation were used to estimate different parameters of a model. The model application to the study of 2007–2010 credit crunch has given rise to the impressively coherent results in terms of probabilities and the return time periods of critical events that took place on the global financial markets.

Key words: financial bubble, crisis, percolation, singularity, complex system.

Assessment of Financial Assets by the Ratio of «Risk-Yield», Taking into Consideration the Duration of Investments

Berzon N.I., Volodin S.N.

One of the fundamental concepts of financial theory is to find compromise between risk and return. In the traditional approach to ratio of risk and return – higher yield faces a higher risk. It does not take into consideration the timeframe of investments. Purpose of this article is to analyze the risk-profitability ratio of financial instruments depending on the investment period in developed and emerging markets. The analysis showed that the prolongation of the investment period reduces the risk indicators, and the yield remains almost constant. At long time periods shares indicate higher returns with lower risk.

Key words: risk, return, sharpe ratio, risk premium, stocks, bonds, capital asset pricing model (CAPM), security market line (SML), investments, securities.

Returns to Education in Russia: Evidence from Meta-Analysis

Lukiyanova A.L.

The paper uses meta-analysis to investigate the evolution of returns to education in Russia during the economic transition. We present the evidence of strong increase in returns to education in the 1990s. The returns to education peaked at 8% per additional year of schooling in the early 2000s. Since the mid-2000s the positive trend has been reversed. We find that the estimated returns are sensitive to sample design, specification and estimation methods. On average the estimated returns are higher if one uses imputed (instead of actual) years of education and estimates earnings equation with the OLS. Among covariates, the form of ownership and settlement type (urban/ rural) has the largest effect on the estimated returns to education. Regional variables have significant impact on the estimated returns only being included into the earnings equation at the oblast (province) level.

Key words: returns to education, meta-analysis, human capital, earnings function.

Securitization of Leasing Assets

Gazman V.D.

Securitization of leasing assets held at the junction of four financial tools – lending, leasing, factoring, securities issues. This innovative mechanism that requires subtle scientific and practical configuration achieves remarkable economic performance update, modernization and re-equipment of enterprises.

Study author to give a scientific definition of the term «securitization of leasing assets». Securitization of the leasing assets represents a complex property relations between the parties to the transaction within the system of inter-related lessee contracts about attracting beneficial finance for new leasing projects through breeding and separating liquid assets that generate cash flows, assignment of receivables and its formation of collateral, transfer of risks and the issuance of securities.

Article providing inequalities that can simulate the securitization of leasing assets and its pricing.

The author provides a comparison of the contract value of the lease contract and the amount of leasing asset securitization. The resulting factor improves the assessment of the reasonableness of investors asset quality and risk management.

This article analyses the requirements for securitization of leasing assets, discusses the relationship to the duration of the leasing portfolio and effectiveness securitization, analyses statistical indicators market securitization of leasing assets.

Key words: securitization, leasing, innovative financing, originator, lessor, lessee, investor, factoring, collateral, bonds, emission worth, assignment of leasing agreement, pledge, financial tools, liquidity, assets quality.

**Social and Economic Factors Influencing Contracting out Public Services.
Evidence from the Russian Refuse Collection Market**

Belousov M.U.

The paper presents a theoretical model illustrating how social and economic factors influence the decision undertaken by the municipalities to contract out of public services. The main hypotheses are empirically tested. The empirical study is in line with the theoretical one.

The positive effect of harder budget constraint of municipality on the probability of attracting private companies in the Russian market of refuse collection is found. The results also show that the lower average costs of production do not provide incentives to municipal authorities to contract out refuse collection. Households' welfare and investment activity in the housing sector favors the higher probability of attracting private companies into the sector.

Key words: municipal authority, in-house provision, contracting out, private companies, refuse collection, public services, social and economic factors.