



APPLIES TO ACADEMIC YEAR 2011/2012

ELE 3732 Financial bubbles, crashes and crises

Programme

Elective

Responsible for the course

Sverre Knutsen, Mikael Lønnborg

Department

Department of Innovation and Economic Organisation

Term

According to study plan

ECTS Credits

7,5

Language of instruction

English

Introduction

The US. Sub-Prime crisis and the subsequent global financial crisis have contributed to a deep and prolonged recession in the global economy. What were the causes of the recent financial crisis? Why did it spread so rapidly internationally? How have authorities in affected countries dealt with them?

There are different and often competing theories about the causes, effects and how to deal with financial crises. The course will provide an overview of the varying approaches and schools of thoughts on financial instability. Furthermore, the course will focus on a selection of historical cases on financial crashes and crises in order to demonstrate differences as well as similarities between recent and past crises.

Learning outcome

Since financial crises affect most areas of the economy, knowledge about them is of importance to most people who work on economic issues.

Acquired knowledge

The students shall acquire a broad base of theoretical and empirical knowledge on financial stability and financial crises in a historical perspective. The students will also learn about regulatory issues and central aspects of crisis management in the past and how they relate to current problems.

Acquired skills

The students will acquire skills necessary to distinguish between different theories about causes and effects of financial crises, and apply this knowledge for analytical purposes. Moreover, students will obtain the skills to work on tasks within supervision, the development of financial structure, ratings and the rating industry, etc. Acquired knowledge will also be important for management tasks in business and the civil service.

Reflection:

On completion of the course the students will have a solid basis for ethical reflection upon ethical dilemmas connected to unfolding financial crises and have developed ability for critical theoretical and methodological reflection.

Prerequisites

None specific.

Compulsory reading

Books:

Kindleberger, C. P. and R. Z. Aliber. 2011. Manias, panics and crashes : a history of financial crises. 6th ed. Palgrave Macmillan. 355 p

Reinhart, Carmen M. and Kenneth S. Rogoff. 2009. This time is different : eight centuries of financial folly. Princeton University Press. pp 1-292

Other:

Selection of articles. approx. 100 p

Recommended reading

Books:

Jonung, Lars, Aakko Kiander, Pentti Vartia, eds. 2009. The Great financial crisis in Finland and Sweden : the Nordic experience of financial liberalization. Edward Elgar. 241 p

Articles:

Sjögren, Hans and Sverre Knutsen. 2010. Why do banking crises occur? : an evolutionary model of Swedish banking crises. I: Ögren, Anders, ed. : The Swedish financial revolution. Palgrave Macmillan. Ch. 11

Course outline

The course will address the following themes:

- Theories on financial crises
 - Minsky-Kindleberger
 - The Monetarist school
 - Other approaches
- Domestic debt and sovereign debt crises
- Regulation and supervision
- Three historical and comparative cases
 - The Nordic banking crises, 1987-1995
 - The Wall-street crash, the great depression and the crises of the 1930s
 - The Scandinavian banking crises of the 1920s

Computer-based tools

None required

Learning process and workload

The course consists of lectures, casework/assignments and presentations.

Recommended workload in hours

Activity	Hours
Participation in lectures	44
Casework and assignments	25
Preparation for presentations	6
Reading literature	120
Examination	5
Recommended total workload	200

Use of hours

36 hours - lectures

8 hours - supervision of assignments

1 hour - Administrative learning process

45 hours total

Examination

A 5-hour individual, written examination concludes the course.

Examination code(s)

ELE 37321 - Written examination that accounts for 100% of the grade in ELE 3732 Financial bubbles, crashes and crises - 7,5 credits.

Examination support materials

No support materials are allowed.

Re-sit examination

A re-sit examination is offered the next time the course is scheduled.

Additional information