

Syllabus

for course at advanced level

Financial Development and Crises

Finansiell utveckling och kris

7.5 Higher Education Credits
7.5 ECTS credits

Course code: EC7207
Valid from: Autumn 2009
Date of approval: 2009-05-14
Department: Department of Economics
Subject Economics

Decision

This syllabus was approved by the Board of the Department of Economics on May 14, 2009.

Prerequisites and special admittance requirements course

Admission to this course requires that (1) the student has enrolled in the Masters Programme in Banking and Finance or the Masters Programme in Economics at Stockholm University, or (2) fulfils (a) the general entry requirements for studies at the Second Level, (b) the specific entry requirements for the Masters Programme in Economics at Stockholm University and (c) has prior knowledge equivalent to the courses ST205G Statistics for Economists, 7.5 HECs; MM1005 Mathematics for Economic and Statistical Analysis, 7.5 HECs; EC7401 Econometrics 1, 7.5 HECs; EC8101 Microeconomics, 7.5 HECs and EC7201 Macroeconomics, 7.5 HECs.

Course structure

Examination code	Name	Higher Education Credits
720A	Financial Development and Crises	7.5

Course content

The financial sector plays a central role in a modern economy by mobilising savings and distributing capital. At the same time, the financial sector appears to be fundamentally unstable, and the economic history is full of financial crises. This course introduces the most important financial institutions, and their productive role is discussed theoretically and empirically. The weaknesses of the financial system are then discussed theoretically and empirically on the basis of historical examples of financial crises. The questions we ask are why these crises occur, what their repercussions are and what can be done about them. Finally, time will be dedicated to discussing the credit crisis of 2007-2009.

Learning outcomes

Upon completion of this course, the student is expected to:

- * Have an overall picture of the financial markets and institutions' productive role in the social economy;
- * Have a good understanding of the development of financial crises, the fundamental causes of financial crises, what their consequences are and how they can be prevented.

Education

Instruction is given in the form of lectures which also include time for student presentations. Guest lectures are also planned. The language of instruction is English.

Forms of examination

The course is examined on the basis of a written examination as well as group presentations.

Students will receive letter grades on a seven-point scale related to the learning objectives of the course: Passing grades are A, B, C, D and E, where A is the highest grade and E the lowest. Failing grades are F and Fx, where F is lower than Fx.

Assessment criteria:

* A (Excellent): Able to give an account of and to analyse the financial markets and institutions' role in the social economy, independently and in a very competent fashion. Able to independently give an account of financial crisis developments and use theoretical and empirical insights to analyse these developments. Able to independently discuss the regulation of the financial markets. Also has very good knowledge of the methodological problems one is faced with when empirically investigating these issues.

* B (Very Good): Able to give an account of and to analyse the financial markets and institutions' role in the social economy in a very competent fashion. Able to give an account of financial crisis developments and use theoretical and empirical insights to analyse these developments. Able to discuss the regulation of the financial markets. Also has good knowledge of the methodological problems one is faced with when empirically investigating these issues.

* C (Good): Able to give an account of and discuss the financial markets and institutions' role in the social economy in a competent fashion. Able to give an account of financial crisis developments and use theoretical and empirical insights to discuss these developments. Able to discuss the regulation of the financial markets. Also has knowledge of the methodological problems one is faced with when empirically investigating these issues.

* D (Satisfactory): Able to give an account of the financial markets and institutions' role in the social economy. Able to give an account of financial crisis developments and have general knowledge of existing theories on financial crises. Familiar with the most important tools of financial regulation. Has some knowledge of the methodological problems one is faced with when empirically investigating these issues.

* E (Adequate): Able to give an account of the financial markets and institutions' role in the social economy. Able to give an account of certain financial crisis developments. Has some knowledge of the basic tools of financial regulation. Familiar with some of the methodological problems one is faced with when empirically investigating these issues.

* Fx (Inadequate): Fulfils the criteria for a grade of E or higher but has not completed all course elements.

* F (Totally inadequate): Unable to give an account of the financial markets and institutions' role in the social economy. Has little ability to give an account of financial crisis developments. Has little knowledge of the methodological problems one is faced with when empirically investigating these issues.

If students fail a course unit and receive the grade Fx or F in an examination, there are no restrictions on how many times they are allowed to retake the examination in order to obtain a grade of E or higher.

Interim

If this course is discontinued, students have the right to be examined on the course once per semester for three further semesters.

Required reading

* Mishkin, Fredric S. and Stanley G. Eakins, Financial Markets and Institutions, the latest edition. If the student already has access to Mishkin Fredric S., The Economics of Money, Banking, and Financial Markets, this is a fully acceptable substitute.

* Articles to be made available on the course website (or Mondo).