BBBLES, PANICS AND CRASHES: AN INTRODUCTION TO ALTERNATIVE THEORIES OF ECONOMIC CRISIS

Dr. Sakir Devrim Yilmaz
University of Manchester
Department of Economics

Course Overview:

This course explores the reasons behind the several large bubbles and crashes since the Great Depression, policy responses from governments and central banks, and the relevance and possible outcomes of these policies. Special attention will be paid to the works of Hyman Minsky-Post-Keynesian school and Austrian school, and Circuitist schools as well as orthodox explanations and policy suggestions. A comparison of the current crisis with the Great Depression will also accompany the analysis.

Aims

→ To introduce students to the recurrent nature of financial crises
→ To introduce students to the nature and causes of speculative booms
→ To introduce students to the works of Hyman Minsky and Post-Keynesian endogenous money literature, as well as Circuitist explanations of crisis
→ To present the Austrian Business Cycle Theory
→ To introduce students to the securitization and its role in the credit crunch
→ To introduce students to policy and regulation oriented responses to the credit crunch, and possible alternatives
→ To introduce students to the possible future outcomes as a result of these policy responses

Pre-requisites:

Intermediate level Macroeconomics

LECTURES

Week One (7 October 2013)

• The Wall Street Crash and the Great Depression – fundamental issues
• Policy Responses: Recovery from the Great Depression

Week Two (14 October 2013)

• The 1997 Asian Crisis: Fundamentals vs. Financial Panic Explanations
• Speculative attacks, emerging market crises and the IMF: Fixing the problem or Causing It?
Week Three (28 October 2013)
- Major Technological Bubbles and Easy Lending Bubbles: The Dot. Com Bubble
- Credit crunch 2008 style: Background of the Crisis

Week Four (11 November 2013)
- Securitization, credit markets and the Great Recession
- This time it is different? Japanese and Nordic Crisis in 1990s

Week Five (25 November 2013)
- Minsky's Financial Instability Theory and the Credit Crunch

Week Six (TBC)
- Post-Keynesian Endogenous Money and Central Bank Policy

Week Seven (TBC)
- Marxist Theories of Crisis and the Circuitist School: Falling Profit Rates and Under-consumptionism

Week Nine: (TBC)
- Austrian Business Cycle Theory, The Great Depression and The Credit Crunch

Week Nine (TBC)
Optimal Currency Areas and the Euro Area Crisis: Are there any easy solutions?

Week Ten (TBC)
- Quantitative Easing, Non-conventional Policy Responses to the Credit Crunch and Exit Policy: Are the Central Banks Trapped?

READING LIST

**Great Depression**


Asian & Emerging Markets Crisis & Dot.com Bubble


Credit Crunch, Post-Keynesian, Circuitist and Austrian Crisis Theories


Hall, M. J.B. (2009) "The Sub-prime Crisis, the Credit Squeeze, Northern Rock and Beyond: The Lessons to be Learnt" Loughborough University, Discussion Paper Series, WP 2009 – 03.


**Useful Economics & Finance Blogs to Follow:**

- [http://rdwolff.com/](http://rdwolff.com/)
- [http://neweconomicperspectives.org/](http://neweconomicperspectives.org/)
- [http://multiplier-effect.org/](http://multiplier-effect.org/)
- [http://moslereconomics.com/](http://moslereconomics.com/)
- [http://monthlyreview.org/](http://monthlyreview.org/)
- [http://yanisvaroufakis.eu/](http://yanisvaroufakis.eu/)
- [http://heteconomist.com/](http://heteconomist.com/)
- [http://www.businessweek.com/politics-and-policy](http://www.businessweek.com/politics-and-policy)
http://www.econbrowser.com/
http://economistsview.typepad.com/economistsview/
http://rwer.wordpress.com/
http://www.postkeynesian.net/index.html
http://econospeak.blogspot.co.uk/
http://rppe.wordpress.com/
http://davidharvey.org/
http://thenextrecession.wordpress.com/
http://www.primeeconomics.org/
http://larspsyll.wordpress.com/
http://sfc-models.net/
http://www.asymptosis.com/
http://ineteconomics.org/
http://www.leftbusinessobserver.com/
http://fixingtheeconomists.wordpress.com/