In this special topics course we will investigate various questions regarding the recent financial crisis, its aftermath, and the implications it may hold for economic theory—including but not limited to:

§ What were the causes of the crisis? Was the crisis “endogenous” or were policy decisions (partly) to blame?

§ What were the government’s responses? Were they appropriate?

§ Now that the crisis has given way to recession, what should be done?

§ What are the implications for economics? Should we have been able to predict the crisis? Did economists “get it wrong” and if so, why? Do we need to rethink our analysis of the financial sector?

§ How do we avoid repetition of such crises? Is strengthened financial regulation the answer?

We will begin by reading Cassidy’s book, then move on to study some of the voluminous literature/debate that has developed over the last two years, much of it available online.

While there may be a lecture component from time to time, the class will be mainly conducted in seminar fashion. It’s therefore particularly important that you keep up with the reading, take notes, and come to class prepared to participate in discussion.

Grading scheme:

- Class participation 25 percent
- Midterm exam 25
- Research paper 50

The precise nature of these graded components will be explained in class; I would like to get your input on some points.