Objective: socioeconomic crises provoked by financial tornados similar to the one roughly dated back to 2007 are not that uncommon in modern capitalist economies. While not all crises are the same, they seem to share similar characteristics, people behave in similar ways across time and countries and as markets become more integrated a local crisis is more likely to spill over the rest of the world. The ongoing crisis is a living proof of that. There seems to be little doubt that under current regulatory conditions and with markets that continue to work in ways similar to the past we are heading to a future infected with recurrent crises. The consequences could be devastating to all countries but particularly to developing ones because their stabilizing polices have deep social costs. Given this state of affairs, we will examine what may have caused not only this but recent crises and what policies options we have to prevent them from recurring in the future. We will then examine what developing countries are doing to protect their economies and the social cost of such policies. The dynamics are fascinating and mind-boggling. You should leave this course with a much deeper, sophisticated and nuanced understanding of the complex dynamics driving market crises, the pro and cons of several policy options, the devastating effect they may have on developing countries and the policies these countries could enact to protect themselves from them.

Readings:

I selected three books, low-priced, for this course; each one presents a different view on the origins of financial crises, dynamic evolution, their consequences and potential policies to prevent them in the future.

I will assign readings from each book and other materials may be used to supplement the readings.

1. "After the Crash: Designing a Depression-free Economy" (Paperback)
by Mason Gaffney, Wiley-Blackwell, 2009; ISBN-10: 1444333070

2. "The Great Financial Crisis: Causes and Consequences" (Paperback)
by John Bellamy Foster and Fred Magdoff, Monthly Review Press, 2009; ISBN-10: 1583671846

3. "Stabilizing an Unstable Economy" (Hardcover) by Hyman Minsky, McGraw-Hill; 2008, ISBN-10: 0071592997

Thematic coverage: the examination of the internal dynamics of the evolution of financial crises encompasses a detailed analysis of the behavior of businesses, consumers and government regulators during periods of economic expansions, in particular in

developed markets. We will examine how profits, expectations, regulation, and socioeconomic conditions interact before and during crises. Then, we will examine how and why crises propagate across the planet and what some governments are doing to protect their economies from the socioeconomic destabilizing effects arising from them. This will lead, naturally, to the central assignment of this course.

Grades: class attendance and participation (20%), last week's presentation (30%), final written report (50%).

Group work: it is optional. You can work with up to two other students. Each person in the group will receive the same grade.

How do you turn your work in? I would prefer it person. E-mail is an option if need to be.

If due to an extreme circumstance, to be evaluated by me as such, you miss or will miss a deadline you need to talk to me about.

Presentation and final report:

This course provides you with the analytical tools to study the evolution of financial crises. In your report you will choose a less developed country, by the second week of class, and you will examine what was taking place in that country in 2007 and 2008-early 2009 in their financial market and how the rest of the economy was evolving. A central aspect of your report will involve an explanation of the type of economic policy used by the government to mitigate the effect of the global crisis on the domestic economy. Some countries used a combination of foreign exchange intervention and capital controls and some were less proactive. Part of your report should include data on prices, unemployment and other relevant variables to be discussed during the lectures and discovered through the assigned readings. Therefore, while your report should be adequately referenced as a term paper, a proper bibliography, the actual shape may approximate a rough work reporting on policy and data. At the end of the report you will speculate, based on the course readings and class discussions on the potential policies that could be taken by the government to protect its country from future global crises.

The last week's class presentation involve visuals and a discussion of the major points assuming that your audience is not familiar with the country involved in your presentation.

Expectations about the report: given the broad characteristics of the report you should strive to present some relevant empirical evidence embedded in a true intellectual effort to transform the readings and class discussions into applied, real world, knowledge. The real world is complex, nothing is clear, there are numerous shades of gray and informed conjecture delimits the frontier of knowledge. Simplistic answers beget suspicious polices. A good report should include relevant empirical evidence (as opposed to countless, space-grabbing, graphs, diagrams and series of variables) coupled with,

narratives, descriptions and analysis guided by the theories, concepts and ideas discussed in class, the readings, and your country-specific research and should be supported by appropriate sources. Therefore, a length of about five to seven pages of single-spaced analysis (12 size), excluding diagrams, graphs and other artwork, should be enough. I pay close attention to quality of content and conceptual coherence appropriate to graduate work, but I am not impressed by the use of technical jargon. You should write this report assuming that your general audience is educated but is not familiar with your analysis. One measure of education is your ability to explain in a plain language complex concepts and ideas to the rest of the world.