

## CHAPTER OVERVIEW

### 20: Financial Crises- Causes and Consequences

#### Learning Objectives

By the end of this chapter, students should be able to:

- Define financial crisis and differentiate between systemic and nonsystemic crises.
- Describe a generic asset bubble.
- Define leverage and explain its role in asset bubble formation.
- Explain why bubbles burst, causing financial panics.
- Define and explain the importance of lender of last resort.
- Define and explain the importance of bailouts.
- Narrate the causes and consequences of the financial crisis that began in 2007.

[20.1: Financial Crisis Taxonomies](#)

[20.2: Asset Bubbles](#)

[20.3: Financial Panics](#)

[20.4: Lender of Last Resort \(LLR\)](#)

[20.5: Bailouts and Resolutions](#)

[20.6: The Crisis of 2007-2009](#)

[20.7: Suggested Reading](#)

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