

Participation at the summer school is free of charge. Participants will be provided with full board and lodging for the two-weeks period of the summer school (meals during the weekend and travel expenses are due to the participants). Note: students are required to attend the entire two weeks of the school.

A limited amount of travel grants are available for applicants from outside Western and Northern Europe and North America. A request of travel grant together with the motivational letter should be submitted together with the application.

For logistical questions and application forms please contact the Summer School secretary at [ccschool@economia.unitn.it](mailto:ccschool@economia.unitn.it) or consult our web page at <http://www-ceel.economia.unitn.it>



This is the Ninth of a series of intensive courses to be offered by the Computable and Experimental Economics Laboratory (CEEL).

Previous courses were offered in Computable Economics (2000, Professor K. Vela Velupillai), Experimental Economics (2001, Professor Daniel Friedman), Adaptive Economic Processes (2002, Professor Peter Howitt), Behavioral Economics (2003, Professors Daniel Friedman and David Laibson), Institutional Economics (2004, Professor Richard N. Langlois), Evolutionary Economic Dynamics (2005, Professors Ken Binmore and Larry Samuelson), Agent-Based Computational Economics (2006, Professors Leigh Tesfatsion and Robert Axtell), and Agent-Based Finance (2007, Professors Cars Hommes and Thomas Lux).

### **Computable and Experimental Economics Laboratory (CEEL)**

Dipartimento di Economia - Università degli Studi di Trento

Via Inama 5, 38100 Trento (ITALY)

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# **Ninth Trento Summer School**

## **Intensive course in**

# **Financial Instability and Crises**



Tecnologie per l'Economia  
Computazionale e Sperimentale



UNIVERSITY  
OF TRENTO

## **CEEL program in Adaptive Economic Dynamics**

### **30 June - 11 July 2008**

Centro Congressi Panorama, Trento - Italy



## Summary of the Course

The subprime meltdown in the United States and the associated turmoil in financial markets worldwide, the deterioration of the balance sheets of financial institutions, the sudden evaporation of liquidity, the credit crunch and the resulting recessionary pressure on economic activity have brought to the fore the issue of Financial Instability.

Both in the jargon of practitioners and central banks and in the academic literature, there are two notions of financial instability:

- (1) excessive volatility of financial prices;
- (2) risk of a crisis due to financial fragility of banks, firms or households.

The two notions capture complementary features of the development of financially driven fluctuations. A financial crisis may start with a stock market crash, or a run on banks or an avalanche of bankruptcies among firms or households. In the worst case, all three will occur. Central banks are the first line of defence reacting to prevent or limit the consequences of a financial crisis by injecting liquidity into the system. In severe crises, conventional monetary policy may prove ineffectual and radical fiscal measures may be required.

The Ninth Trento Summer School on Financial Instability and Crises will familiarize students with the stylized facts of financial crises and with recent theoretical and empirical advances in understanding financial instability. Topics of the summer school include:

- Financial Fragility and crises in historical perspective
- Financial factors, investment and fluctuations
- Financial networks, contagion, bankruptcy avalanches
- Financial markets crashes
- Inflation and finance
- Financial variables and monetary policy

The Ninth Summer School will run for two weeks and consists of an intensive course in Financial Instability and Crises as well as invited lectures by international experts in the field.

The course will be taught by Professors **Domenico Delli Gatti**, Università Cattolica del Sacro Cuore di Milano and **Mauro Gallegati**, Università Politecnica delle Marche, Ancona, with visiting lecturers by Professors **Stefano Battiston**, Swiss Federal Institute of Technology Zurich, **Michael Bordo**, Rutgers University, **Claudio Borio**, Bank of International Settlements, Basel, **Axel Leijonhufvud**, University of Trento and UCLA, **Didier Sornette**, Swiss Federal Institute of Technology Zurich, **Roberto Tamborini**, University of Trento, and **Gianni Toniolo**, Duke University.

This course is the ninth of a series in **Adaptive Economic Dynamics** offered by the Computable and Experimental Economics Laboratory of the University of Trento (CEEL), supported by Associazione Tecnologie per l'Economia Computazionale e Sperimentale (TECS), with the financial support of Latsis Foundation (Geneva). Previous intensive courses were offered in:

**Computable Economics** (2000): Professor Kumaraswamy Vela Velupillai of the University of Trento with guest lecture appearances by Professors Daniel Heymann, Scott Kelso and Francesco Luna.

**Experimental Economics** (2001): Professor Daniel Friedman of the University of California, Santa Cruz with guest lecture appearances by Professors Massimo Egidi, Peter Howitt, Steffen Huck, Rosemarie Nagel and Reinhard Selten.

**Adaptive Economic Processes** (2002): Professor Peter Howitt of Brown University with guest lecture appearances by Professors Masanao Aoki, Jasmina Arifovic, Robert Axtell, Richard Day and Seppo Honkapohja.

**Behavioral Economics** (2003): Professors Daniel Friedman of the University of California, Santa Cruz and David Laibson of Harvard with guest lecture appearances by Professors Colin Camerer, Stefano Della Vigna, Massimo Egidi, Ernst Fehr, George Loewenstein and Ulrike Malmendier.

**Institutional Economics** (2004): Professor Richard N. Langlois of the University of Connecticut with guest lecture appearances by Professors Meir Kohn, Ugo Pagano, Scott E. Page, Nicolaas J. Vriend, Enrico Zaninotto, Junfu Zhang.

**Evolutionary Economic Dynamics** (2005): Professors Ken Binmore of the University College, London and Larry Samuelson of the University of Wisconsin with guest lecture appearances by Professors Giovanni Dosi, Dan Friedman, Peter Howitt, Axel Leijonhufvud and Richard Nelson.

**Agent-Based Computational Economics** (2006): Professors Leigh Tesfatsion, Iowa State University and Robert Axtell, The Brookings Institution, with guest lecturer appearances by Professors John Duffy, Dan Friedman, Mauro Gallegati, Herbert Gintis, Peter Howitt, and Axel Leijonhufvud.

**Agent-Based Finance** (2007): Professors Cars Hommes, University of Amsterdam and Thomas Lux, University of Kiel, with guest lecturer appearances by Professors Jasmina Arifovic, Doyne Farmer, Klaus Rainer Schenk-Hoppé, Attilio Stella, Shyam Sunder.

## Application Procedure

Persons interested in participating in the Summer School should submit the following:

- the electronic application form
- a detailed Curriculum Vitae
- a two-page essay describing their interest in finance
- a course transcript from their Ph.D program including advanced examinations passed
- two letters of recommendation

The Trento Summer Schools are intended for Ph.D students and post-doctoral scholars.

Please send all the above documents and information to Prof. Enrico Zaninotto

We encourage electronic submissions: [ccschool@economia.unitn.it](mailto:ccschool@economia.unitn.it)

### Prof. Enrico Zaninotto

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Università degli Studi di Trento  
Via Inama 5, 38100 Trento (ITALY)  
Fax: 0039 0461 882222

The deadline for application is **30 April 2008**

Admissions decisions will be made and announced by 15 May 2008. All applicants will be informed by e-mail about the results.