

Case Discussion: Subprime Crisis

Learning Objective:

To understand the causes and consequences of the Subprime Crisis and its implications for financial markets and regulation.

Case Overview:

The Subprime Crisis, which began in 2007, was a global financial crisis triggered by a housing market bubble burst in the United States. The crisis led to widespread job losses, home foreclosures, and a significant decline in economic activity.

Learning Outcome:

Participants will be able to:

1. Identify the key factors that contributed to the Subprime Crisis, including subprime lending, securitization, and deregulation.
2. Analyze the consequences of the crisis, including the impact on financial markets, households, and the broader economy.
3. Evaluate the policy responses to the crisis and their effectiveness.

Discussion Questions:

1. What were the primary causes of the Subprime Crisis?
2. How did securitization and deregulation contribute to the crisis?
3. What were the consequences of the crisis for financial markets and the broader economy?
4. What policy responses were implemented to address the crisis, and were they effective?

Key Takeaways:

1. The need for transparency and accountability in financial markets.
2. The potential consequences of unchecked risk-taking and the importance of mitigating systemic risk.