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Sommario/riassunto

This book develops a new theoretical approach to the explanation of systemic financial crises in industrial and emerging market countries. In contrast to standard models, the present <I>cyclical</I> approach is consistent with the following three stylized facts. Firstly, systemic financial crises are a recurrent phenomenon generally accompanied by excessive boom-bust cycles. Secondly, the frequency of financial crisis cycles is very irregular. Thirdly, most financial crisis cycles are initiated by positive shocks to profit expectations which induce an unsustainable build-up of financial fragility driven by <I>irrational exuberance</I>. The present approach is based on a sophisticated balancesheet structure with many assets, as well as on an expectation formation scheme which combines the rational expectations hypothesis with Keynes' <I>Beauty Contest Theory</I>.