

# Master Finance

## Economic and financial policy

Responsable	Descriptions	Informations
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### LANGUE(S) D'ENSEIGNEMENT

Anglais

### CONTENU

Aims

The course gives a general overview of the recent debates on economic and financial policies in the context of de-globalization and financial crises. It begins with some stylized facts on the pause in trade globalization, the causes and symptoms of recent financial crises: banking crises, currency crises, financial crises, sovereign debt crises. These events have changed the shape of public and international policies: the G20 has become a key actor that has surpassed WTO, some countries are coming back to protectionism, central banks and governments are confronted to the Minsky moment and must tackle financial bubbles to achieve financial stability. The course also presents these topics from the viewpoint of the emerging and developing countries. It presents the three historical lending booms, their reaction during the global crisis and shed some light on the policies conducted in China which has become a major actor of multilateralism. The discussions end with a comparative approach of monetary policies in the Eurozone and in the United States: how they have varied over time and the constraints of implementing monetary and financial policies in different macroeconomic contexts.

Course outline:

#### Chapter 1.- The global economy in the 21<sup>st</sup> century

- 1.1.-A pause in trade globalization (slowdown in trade since the 2008 financial crisis, main explanations, changes in emerging economies' fiscal policy)
- 1.2.- Financial globalization has slowed (home bias behaviours, failure of the interest rate parity)
- 1.3.-Inequalities, globalization and crises (relationships between inequalities, indebtedness and globalization, empirical evidence)
- 1.4.- Policy implications (protectionism, bilateral agreements, the role of WTO)

#### Chapter 2.- Financial crises are back

- 2.1.- Overview of the financial system (banks' balance sheets, financial risk, role of the financial markets)
- 2.2- Causes and symptoms of financial crises in the developed countries (theories of financial crises, the Minsky moment and bubbles, multi-facets of crises: banks, sovereign debt and equity markets).
- 2.3.- Financial crises in the emerging and developing countries (historical perspectives: the 3 lending booms, the emerging countries in the global crisis, lessons from past crises).

2.4.- Policy implications (global governance: the G20, multilateralism, the new role of the Renminbi).

#### Chapter 3.- Monetary policy: comparing the Federal Reserve and the European Central Bank

3.1.- General overview (historical background, tasks of respective central banks, structure of the central banking systems).

3.2.- Differences and similarities (operational procedures, monetary policy strategies)

3.3- The Fed and ECB: comparing their quantitative easing (QE) policy.

### COMPÉTENCES À ACQUÉRIR

Upon completion of this course, students should be able to:

- Perform reflective thinking and critical analysis on problems related to the recent changes in the policy strategies in a new international context
- Provide an overview of the main economic and financial challenges facing the governments and central banks in the 21<sup>st</sup> century
- Show intellectual curiosity to comment topical articles on the constraints facing public policies in a context of global trade and financial deglobalization.
- Understand the interrelationships of complex policy concepts.

### MODALITÉS D'ORGANISATION

This is a lecture course in which topics are presented by the professor. During lectures, comments, suggestions, questions, ideas are welcome from students. For their grade, the students will be given a coursework to be done by groups of 3 persons and a final exam. This is not a difficult course. Attendance is required. Students are encouraged to work at home, especially to read the suggested bibliography. They may take advantage of the professor office hours.

### BIBLIOGRAPHIE, LECTURES RECOMMANDÉES

Karim Foda, Eswar Prasad, 2018, **Ten years after the financial crisis. Uneven progress and some structural disconnects**, Global Economy and Development, Brookings

Michael T. Kiley, 2018. [What Macroeconomic Conditions Lead Financial Crises?](#), [Finance and Economics Discussion Series](#) 2018-038, Board of Governors of the Federal Reserve System (US).

Regis Barnichon, Christian Matthes, and Alexander Ziegenbein, 2018, The Financial Crisis at 10: Will we ever recover? Federal Reserve Bank of San Francisco, Economic Letter. Stephanie Segal, 2018, A path to de-globalization? Center for International Strategy Studies, Volume VII, 9, September. Kristin Forbes, Dennis Reinhart, 2016, How the interactions of monetary and regulatory policies may have been ahead of the anti-globalization backlash, Vox, CEPR policy Portal. Marcos Troyo, 2013, From deep globalization to the risk of deglobalization: the rise of local-contentism, the World Financial Review.

[Marcel Aloy, Gilles Dufrénot](#), 2015, **A Comparison of the Fed's and**

**ECB's Strategies during the Subprime Crisis**, in William A. Barnett , Fredj Jawadi (ed.) Monetary Policy in the Context of the Financial Crisis: New Challenges and Lessons (International Symposia in Economic Theory and Econometrics, Volume 24) Emerald Group Publishing Limited, pp.419 - 449

### PRÉ-REQUIS OBLIGATOIRES

This course offers an opportunity for students to do independent homeworks. Students are expected to have the following background knowledge: balance sheet of a bank (assets liabilities), the functioning of financial markets and their relationship to the main macroeconomic variables (cycles, interest rates, current account), notions on procyclical and counter-cyclical fiscal policy. A solid knowledge of the functioning of the International trade system and international financial system would be an additional asset. Finally, another prerequisite background consists of the history of the economic and financial crises of the 21<sup>st</sup> century.

### PRÉREQUIS RECOMMANDÉS

This course involves an in-depth examination of selected topics that are of significance to the current debates of economic policies related to international finance and macroeconomics. It examines issues for the advanced, emerging developing economies. It also takes an historical perspective on past developments including the Great Recession. It thus requires a solid background in the following fields: international economics, operational tools of monetary policy strategies, the international institutions and their role: WTO, G7 and G20, financial markets and bubbles, the theories of financial crises.

### VOLUME HORAIRE

- Volume total: 18 heures
- Cours magistraux: 18 heures

### CODES APOGÉE

- BFIB04A [ELP]

### M3C

Aucune donnée M3C trouvée

### POUR PLUS D'INFORMATIONS

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