

**Issues in Global Economic and Financial Security**  
**Fall 2018**

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The course, which meets on Mondays, will discuss economic and financial security issues through the prism of the global financial crisis and structural changes being triggered around the world as well as the recent pushback against globalization. We will begin by developing the analytical framework and then applying it to key countries/regions (US, Japan, China, India, MENA, and other topics, time permitting). We will take stock of causes, policy responses, prospects, and renewed challenges in the face of recent political events. We will look at ways of ensuring global monetary and financial stability, including appropriate policies to ward off crises and asset price bubbles, and helping create the conditions for sustained strong economic expansion. Other key topics include drivers of capital flows to emerging markets, geopolitical risk, oil, commodity markets and time permitting the role of digitalization/finance in promoting development.

The focus will be on applied economics and finance, and their importance as analytical tools in policy discussions on economic security and development. This course will be less narrowly technical, more policy and political economy oriented, but nonetheless appropriate for students concentrating in global markets, development, finance and trade. There will be guest speakers on special topics.

For readings, we will use publications of the IMF, World Bank, BIS, OCED and central banks around the world. The IMF publishes the WEOs, Regional Outlooks, Country Article IV reports and others such as the Fiscal Monitor and Spillovers report. The Kansas Fed's Jackson Hole seminar series is also useful. Detailed readings will be given during the course. Relevant financial press articles will be used.

### **SYLLABUS**

**Classes 1, 2 and 3:** Developing the framework for analyzing Economic and Financial Security for countries. The building blocks are Macroeconomic Stability, Growth-Enhancing Structural Reforms, Politics and Institutions, and Global Spillovers/Externalities. We will consider them with examples drawn from countries around the world. We will also analyze drivers of private capital flows to emerging markets, importance of push and pull factors against the backdrop of considerable global policy and political uncertainty.

**Class 4:** First Guest Speaker on Country Risk Analysis: a practitioners' viewpoint.

**Classes 5 and 6:** Economic and Financial Security issues in the United States, the epicenter of the recent crisis. What went wrong in the run up to the crisis and why; policy response in the stabilization phase; policy response in the recovery phase - exiting stimulus, dealing with high unemployment,

secular stagnation, and structural reforms; implications of the policies of President Trump's administration.

*Class Presentations #1 and #2: Students will make presentation; What went wrong, why and what has been the policy response in the US; exit strategy from the crisis and structural reforms; appraisal of the new administration's policies. After student presentations, there will be a group discussion and wrap up.*

**Classes 7 and 8:** Economic Issues in China. The Chinese response to the global financial crisis, dealing with resulting vulnerabilities as a result of over-stimulus, policies under the leadership of President Xi to rebalance the economy towards a more sustainable performance, difficulties in bringing about changes and global spillovers, including the belt road initiative; and emerging trade challenges. *Class Presentations #3 and #4.*

**Class 9:** Reviving Japan from its long stagnation; are the three arrows of Abenomics working and what needs to change. *Class Presentations #5.*

**Class 10:** Special topic focusing on Digitalization and Financial Inclusion as a game changes – its growing importance in emerging markets and what are the key enabling factors.

**Class 11:** Economic Issues in India. The adverse impact of the global crisis and prior legislative paralysis, achieving macro-stabilization, and renewed emphasis on reforms by the government of Prime Minister Narendra Modi, which has raised hopes for ushering in renewed dynamism, against the backdrop of domestic and global challenges.

**Class 12:** Second Guest Speaker on policy challenges in the Middle East against the backdrop of first the slump and then partial recovery in oil prices as well as geopolitical tensions.

**Classes 13 and 14:** Student presentations of Policy Notes.

### Grades

Your grades will be based on:

- Class Presentations (30% of the grade) – leading class discussions.
  - Class Participation (30% of the grade) – participating in group discussions.
  - A 4-page Policy Note (40% of the grade) -- I will develop with each student a topic that encompasses the student's interest and material covered in the course.
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