

Modern finance: current crisis and policy debates

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Is national development feasible in the post-hegemonic, post-subprime-crisis, austerity-driven, Neoliberal era?

*The old order is dead, the new order cannot yet be born.
In the inter-regnum, all manner of morbid things occur.*

- Antonio Gramsci, *The Prison Notebooks*

Map of topics

1. To begin at the end: The IMF takes control of the global macroeconomy
2. Financial crises in the global South: things seen and unseen
3. Explaining debt crisis in the global South: “orthodox” and heterodox approaches
4. Financial crisis and reconstruction in the global north: too-big-to-fail megabanking as policy design
5. From financial exclusion to predatory inclusion: ‘particle finance’, securitization, private equity, hedge funds
6. The subprime and Euro crises and their impacts on developing economies
7. Shadow banking: rehypothecation, global carry trades, and the super-leveraged money market
8. Development banks as firewalls, stop-gaps, or growth engines?
9. Globalization of property rights and vulture capital funds

Lecture 1 (23 December)

1. To begin at the end: The IMF takes control of the global macroeconomy

(Presentation to UNCTAD board meeting, Geneva, 14 September 2015)

2. Breakdown of Bretton Woods in the global North: Financial crises in the global South
3. Explaining debt crisis in the global South: “orthodox” and heterodox approaches

Lecture 2 (24 December)

5. Financial crisis and reconstruction in the global north: too-big-to-fail megabanking as policy design
6. From financial exclusion to predatory inclusion: 'particle finance', securitization, globalized property rights
7. The subprime and Euro crises and their impacts on developing economies

Lecture 3 (24 December)

8. Financial exclusion, financial inclusion, and financial exploitation
9. Shadow banking: rehypothecation, global carry trades, the super-leveraged money market, and globalized property rights
10. Policy debates
 - Financial regulation and national borders
 - The new “Anglo American” banking model
 - Development banks as firewalls, stop-gaps, or growth engines?

Suggested readings for Lectures 1-3

- Gary Dymski, “The International Debt Crisis”, *Handbook of Globalisation (2nd ed)*, Ed. Jonathan Michie. Cheltenham: Edward Elgar, 2011: 117-34.
- Gary Dymski, “Financial Globalization, Social Exclusion, and Financial Crisis,” *International Review of Applied Economics* 19(4), October 2005: 441-459.
- Gary Dymski, “The Global Crisis and the Governance of Power in Finance,” *World Review of Political Economy*, 2(4), Winter 2011: 581-602.
- Gary Dymski and Annina Kaltenbrunner, “Beyond Europe’s financial bifurcation point: Policy proposals for a more stable and more equitable financial system,” *Economic Policy Brief No. 4-2014*. Brussels: Foundation for European Progressive Studies, 2014.

Further readings – Lecture 1

- Gary Dymksi, “The International Debt Crisis”, *Handbook of Globalisation (2nd ed)*, Ed. Jonathan Michie. Cheltenham: Edward Elgar, 2011: 117-34.
- Jonathan Eaton, “Sovereign Debt: A Primer,” *World Bank Economic Review* 7(2), May 1993: 137-72.
- Paul Krugman, “What Happened to Asia?” Working Paper, MIT Department of Economics, January 1998.
- Ha-Joon Chang, “The Hazard of Moral Hazard: Untangling the Asian Crisis,” *World Development* 28(4), April 2000: 775-788.

Further readings – Lecture 2

- Gary Dymksi, “Genie out of the Bottle: The Evolution of Too-Big-to-Fail Policy and Banking Strategy in the US,” in *As transformações no sistema financeiro internacional*. ed’s, Marcos Antonio Macedo Cintra, Keiti da Rocha Gomes. Brasília: Instituto de Pesquisa Econômica Aplicada (IPEA), 2012: 177-244.
- Gary Dymksi, “Financial Globalization, Social Exclusion, and Financial Crisis,” *International Review of Applied Economics* 19(4), October 2005: 441-459.

Further readings – Lecture 3

- Melody Chiong, Gary DymSKI, and Jesus Hernandez, “Contracting the Commonwealth: John R. Commons and Neoliberal Financial Crises,” *Journal of Economic Issues* 48(4), December 2014: 927-47.
- Zoltan Pozsar and Manmohan Singh, “The Non-Bank-Bank Nexus and the Shadow Banking System,” *IMF Working Paper WP/11/289*. Washington DC: Int’l Monetary Fund, December 2011.
- David Luttrell, Harvey Rosenblum, and Jackson Thies, “Understanding the Risks Inherent in Shadow Banking: A Primer and Practical Lessons Learned,” *Staff Papers No. 18*. Dallas: Federal Reserve Bank of Dallas, November 2012.
- Nicola Gennaioli, Andrei Shleifer, and Robert W. Vishny, “A Model of Shadow Banking,” *Journal of Finance* 68(4), August 2013.