

SYLLABUS

Name of the course:	Financial instability and international regulation			
Teacher:	Rudy Bouguelli and Gary Dymski			
University / organisation:	Université Paris Cité (Rudy Bouguelli) University of Leeds (Gary Dymski)			
Language of teaching:	English			
ECTS:	3 ECTS			
Semester (S1, S2, S3 or S4):	<input type="checkbox"/> S1	<input type="checkbox"/> S2	<input checked="" type="checkbox"/> S3	<input type="checkbox"/> S4
Teaching method(s):	<input checked="" type="checkbox"/> Lecture courses		<input checked="" type="checkbox"/> Flipped classroom	
	Other:	The 'flipped classroom' session(s) are held at the end of the semester, depending on how many students choose to make presentations.		
Type(s) of evaluation:	<input type="checkbox"/> Sitting exam		<input checked="" type="checkbox"/> Written report	
	<input type="checkbox"/> Oral defence		<input checked="" type="checkbox"/> Group project	
	Other / comments:	Students have two choices: first, to work in a group of 2 or 3, or to work alone; second, students in groups can choose to present their work in a class session. The word limit on the written report varies with these choices. Students working alone have a 1500-word limit; those who write as a group and do not make a class presentation have 2000-word and 2500-word limits (for groups of 2 and 3, respectively). All members of groups making presentations must submit individual written reports with a 1200-word limit. References are not counted against the word limit. A minimum number of assigned readings must be cited.		
Expected deadline(s) for the evaluation(s)	December 19			
Expected date of final results:	January 31			
Summary of the content:	This course has two objectives: first, to examine the mechanisms generating financial instability in the global economy, and how these impact macroeconomic policies and alternatives; second, to interrogate the feasibility of green transition policies, including climate finance, green trade, and a global green new deal. Part 1 of the course introduces a theoretical and institutional framework for macro-monetary analysis. Part 2 focuses on macro-financial dynamics and crises in global core and periphery. Part 3 explores the transformation of banking, finance, and central banking, especially after the Global Financial Crisis. Part 4			

SYLLABUS

	<p>examines whether global financial and macro structures can support a climate transition - and if not, what changes are needed for sustainability.</p>
<p>Indicative list of lectures¹:</p>	<p>Part 1 (Lecture 1): Foundational concepts in the economics of money and credit: From efficient markets to financial fragility (Gary Dymksi)</p> <ol style="list-style-type: none"> 1.1. Basic concepts in monetary theory 1.2. Finance and development: efficient-market approaches 1.3. Finance and development: historical and heterodox approaches 1.4. Microfoundational ('representative agent') models of borrower-lender relations 1.5. Minsky's Financial Instability Hypothesis: its origins as a US-centred framework <p>Part 2 (Lecture 2): Minsky's financial instability hypothesis in the era of global financial transformation and crisis (Gary Dymksi)</p> <ol style="list-style-type: none"> 2.1. Spatial approaches to money and credit-including Minsky 2.2. Too-big-to-fail and banking transformation in the Neoliberal era 2.3. Subprime crisis 2.4. International financial integration and developing countries' crises and structural dilemmas <p>Part 3: (Lectures 3 to 6): Shadow banking, global financial cycles and the transformation of monetary policy (Rudy Bouguelli)</p> <ol style="list-style-type: none"> 3.1. The rise (and fall) of the global dollar system 3.2. The transformation of central banking: from the GFC to the post-Covid era 3.3. Global financial cycles <p>Part 4 (Lectures 7 and 8) Finance and the future (Gary Dymksi)</p> <ol style="list-style-type: none"> 4.1. Designing and financing the global transition 4.2. Debate on needed reforms in banking and finance in light of the global transition and global decoupling 4.3. Financing the sustainable development goals (SDGs) and climate change provisions in developing economies
<p>Short bibliography</p>	<p>Part 1: Foundational concepts</p> <p>Crotty, James, 'The Centrality of Money, Credit, and Financial Intermediation in Marx's Crisis Theory: An Interpretation of Marx's Methodology,' mimeo, 1985; reprinted in James Crotty, <i>Capitalism, Macroeconomics and Reality</i>. Cheltenham: Edward Elgar, Ch. 3, 72-106.</p> <p>Dymski, Gary, 'Money and Credit in Radical Political Economy: A Survey of Contemporary Perspectives,' <i>Review of Radical Political Economics</i> 22(2-3), 1990: 38-65.</p> <p>Mehrling, Perry, 'The Money Muddle: The Transformation of American Monetary Thought, 1920-1970,' <i>History of Pol. Economy</i> 30(Supp.), December 1, 1998: 293-306.</p>

¹ Provide, if already possible, an indicative list of topics you will cover in each lecture.

SYLLABUS

Fama, Eugene F., 'Banking in the Theory of Finance,' *Journal of Monetary Economics* 6(1), January 1980: 39-57.

Loizos, Konstantinos, 'The Financial Repression-Liberalization Debate: Taking Stock, Looking for a Synthesis,' *Journal of Economic Surveys* 32(2), 2018: 440-468.

Chandavarkar, Anand, 'Of Finance and development: neglected and unsettled questions,' *World Development* 20(1), 1992: 133-142.

Brunnermeier, Markus K., and Stefan Nagel, 'Hedge Funds and the technology Bubble,' *Journal of Finance* 59(5), October 2004: 2013-40.

Dymski, Gary, 'A Keynesian Theory of Bank Behavior,' *Journal of Post Keynesian Economics* 10(4), Summer 1988: 499-526.

Veronika Dolar and Césaire Meh, 'Financial Structure and Economic Growth: A Non-Technical Survey,' Working Paper 2002-24. Ottawa: Bank of Canada, September 2002.

Stiglitz, Joseph E., and Andrew Weiss, 'Credit Rationing in Markets with Imperfect Information,' *American Economic Review* 71(3), June 1981: 393-410.

Diamond Douglas W., Philip H. Dybvig, 'Bank runs, deposit insurance, and liquidity,' *Journal of Political Economy* 91(3): 1983: 401-19.

Eaton, Jonathan, Gersovitz, Mark, and Stiglitz, Joseph E. (1986), 'The Pure Theory of Country Risk,' *European Economic Review* 30(3), 1986: 481-513.

Part 2: Minsky's financial instability hypothesis in the era of global financial transformation and crisis

Minsky, Hyman (1982), 'The Financial Instability Hypothesis: A Restatement', Chapter 5 in Hyman Minsky, *Can 'It' Happen Again?* Armonk, NY: ME Sharpe, Inc.

Minsky, Hyman, 'Uncertainty and the Institutional Structure of Capitalist Economies,' *Journal of Economic Issues* 30(2), June 1996: 357-369.

Dymski, Gary A., 'Asset Bubbles and Minsky Crises in East Asia: A Spatialized Minsky Approach,' Working Paper, University of California, Riverside, 1999.

Cerpa, Nicole, Comert, Hasan, D'Avino, Carmela, Dymski, Kaltentbrunner, Annina, Petratou, Eirini, and Shabani, Mimoza (2019), 'Too big to manage: US megabanks' competition by innovation and the microfoundations of financialization,' *Cambridge Journal of Economics* 43(4), July: 1103-1121.

Dymski, Gary, 'Why the Subprime Crisis is Different: A Minskyian Approach,' *Cambridge Journal of Economics*, 34(3), March 2010, Pp. 239-55.

Chiong, Melody, Gary Dymski, Jesus Hernandez, 'Contracting the Commonwealth: John R. Commons and Neoliberal Financial Crises,' *Journal of Economic Issues* 48(4), December 2014: 927-947.

Cerpa Vielma, Nicole, and Gary Dymski, 'A core-periphery framework for understanding the place of Latin America in the global architecture of finance,' *Cambridge Journal of Economics* 2022: 629-650.

Dymski, Gary (2021), 'Intersectional inequality and global economic power: self-feeding dynamics within & across national borders,' *Int'l Journal of Pol. Economy* 50(3): 189-97.

Laeven, Luc, and Valencia, Fabián (2018), 'Systemic Banking Crises Revisited', *IMF Working Paper WP/18/206*, September, Washington DC: International Monetary Fund.

SYLLABUS

Part 3: Shadow banking, global financial cycles and the transformation of monetary policy

Acharya, Viral V., Cetorelli, Nicola, & Tuckman, Bruce, 'Where Do Banks End and NBFIs Begin?', National Bureau of Economic Research, 2024.

Acharya, Viral V., and Anjan V. Thakor, 'The dark side of liquidity creation: Leverage and systemic risk,' *Journal of Financial Intermediation* 28, 2016: 4-21.

Bonizzi, Bruno, and Annina Kaltenbrunner, 'International financial subordination in the age of asset manager capitalism,' *EPA: Economy and Space* 56(2), 2024: 603-626.

Borio Claudio, 'The financial cycle and macroeconomics: what have we learnt?', *Journal of Banking and Finance* 45, 2014: 182-198.

Bouguelli, Rudy, 'Is shadow banking really akin to banking? A critical analysis in light of monetary theory,' *Journal of Post Keynesian Economics* 43(1), 2020: 1-27.

Bouguelli, Rudy 'The blind spot of endogenous money: global banking and the Eurodollar market', *Cambridge Journal of Economics*, 2025.

Bouguelli, Rudy, 'From one crisis to another (2008–2020): A transformative decade for the Fed,' *Journal of Economic Issues* (56:4) 2022: 1076-1102.

Bouguelli, Rudy, 'La politique monétaire de la Fed face à crise de la covid-19: entre continuité et rupture,' *Revue de la régulation* 29, 2021: 1-18.

Dafermos, Yannis, Daniela Gabor, and Jo Michell, 'FX swaps, shadow banks and the global dollar footprint,' *EPA: Economy and Space* 55(4), 2023: 949-968.

Rey, Hélène, 'Dilemma not Trilemma: The Global Financial Cycle and Monetary Policy Independence,' *Proceedings - Economic Policy Symposium - Jackson Hole*, Federal Reserve of Kansas City Economic Symposium: 285-333.

Part 4 (Lectures 7 and 8) Finance and the future (Gary Dymski)

O'Neill, Brian, Eric Kemp-Benedict, et al., 'The roads ahead: Narratives for shared socioeconomic pathways describing world futures in the 21st century,' *Global Environmental Change* 42, 2017: 169-180.

Kemp-Benedict, Eric, 'Dematerialization, decoupling, and productivity change,' *Ecological Economics* 150, 2018: 204-216.

Mastini, Riccardo, Giorgos Kallis, and Jason Hickel, 'A Green New Deal without growth?' *Ecological Economics* 179, 2021: 1-9.

Pollin, Robert, 'Defending the global commons through a Global Green New Deal,' *Social Research* 88(1), Spring 2021: 75-99.

Mazzucato, Mariana, 'Financing the common good,' *Project Syndicate* 1 May 2023. Financing the Common Good by Mariana Mazzucato - Project Syndicate.

Hickel, Jason, and Giorgos Kallis, 'Is green growth possible?' *New Political Economy* 25(4), 2020: 469-86.

Blanchard, Olivier, Christian Gollier, and Jean Tirole 'The Portfolio of Economic Policies Needed to Fight Climate Change,' Working Paper 22-18. Washington, DC: Peterson Institute for International Economics, November 2022.

Dasgupta, Partha, 'Economics Nature's Way,' *Finance and Development* (IMF), Sept. 2021.

Dymski, Gary, Maria Gavis, Penelope Hawkins, and Gissell Huaccha, 'Financing a Green New Deal and Sustainable Development Goals on a Global Basis: Is Blended Finance a Feasible Option?' Working Paper, FMM Conference, October 2021.



SYLLABUS

European Commission, 'Does Sustainable Global Prosperity Require Global Financial Governance?' Brussels, 9 November 2022.

Gabor, Daniele, *Securitization for Sustainability: Does it help attain the SDGs?* Washington, DC: Heinrich Böll Stiftung, October 2019.

Glasgow Financial Alliance for Net Zero (GFANZ), *Financial Institution Net-zero Transition Plans - Fundamentals, Recommendations, and Guidance: FINAL REPORT*. November 2022.

Hall, David, *Why Public-Private Partnerships Don't Work: The many advantages of the public alternative*. Greenwich: PSIRU, 2015.

OECD, *Blended Finance in the Least Developed Countries: Supporting A Resilient Covid-19 Recovery*. Paris: OECD, 2020.

Romero, Maria José, 'Development Finance Takes 'Private Turn': Implications and Challenges Ahead,' *Development* 56, 2016: 59-65.