Financial Macroeconomics I (CM)
Master Law & Finance (M2)
Autumn 2023

This 18-hour class is part of the master programme in Law and Finance at the University of Angers.

Time: variable
Room: variable
First class: 2 October 2023
Office hours: by appointment, write to Guido.Hulsman@univ-angers.fr

Evaluation
Research Paper (50%)
Final Exam (50%)

Contents and objectives
This class deals with basic theoretical and empirical issues pertaining to the role of finance and financial markets within a market economy. The main objective is to understand how this role is transformed by the impact of monetary interventions, and by central-bank policies in particular.

We will start off by abstracting from financial markets and government interventions altogether, and focus on the basic mechanisms of capital accumulation and capital consumption (chapters 1 and 2). Then we will discuss causes and consequences of price-inflation and price-deflation (chapter 3) before introducing financial exchanges into our analysis while still abstracting from government interventions (chapter 4). We will study in particular how the financial sector relates to the real economy, how resources are owned and used. In a final step, we will consider the impact of monetary interventions, both in respect to their intended consequences and in respect to the collateral effects that typically result from such interventions (chapters 5 and 6).

NB This year we will host Prof. Franck Jovanovic and might therefore not be able to work through the whole programme.
Mandatory Readings


Complementary Readings

Braun E (2014) *Finance Behind the Veil of Money* (Liberty.me)

Schedule

1. Savings-Induced Growth
2. Capital Accumulation and Consumption
3. Inflation and Deflation
4. Financial Markets and the Real Economy
5. Transmission Channels of Monetary Policy
6. Unintended Consequences of Monetary Interventions
Research Papers

Student research papers should give a concise presentation and discussion of the scientific literature on the given subject in 3500-4000 words. Each paper should demonstrate:

a) The author’s erudition (5 points out of 20)
b) His ability to focus on essential information and issues (5 points out of 20)
c) His ability to express his thoughts clearly and systematically (5 points out of 20)
d) His ability to work within the formal constraints of academic work (5 points out of 20)

Students will have to declare their preferred subjects by email. Each topic will be attributed to the first claimant. The declaration needs to be made at the beginning of the second class, at latest. The papers have to be submitted by Monday, 27 November 2023. Each additional day will reduce your grade by one point. Plagiarism will be severely sanctioned.

Possible topics:

1. The Costs and Benefits of Eurobonds
2. Economic and Political Problems of Target-2 Deficits
3. The Macroeconomic Consequences of Brexit
4. Pension System Reforms and Macroeconomic Performance
5. The Causes and Consequences of Negative Interest Rates
6. Measuring Trust
7. Corporate Governance and Financial Stability
8. Corporate Governance and Economic Growth
9. The Cohesion of the Eurozone as an ECB Policy Objective
10. Does Financial Regulation Stabilise the Economy?
11. Do Macroprudential Policies Work?
12. The Impact of High-Frequency Trading on Macroeconomic Performance
13. Sectorial Financial Structure in France (Italy, Poland): Causes and Policy Implications
14. Financial Markets and Inflation
15. Monetary Policy and Financial-Market Structure
16. The Costs and Benefits of Unconventional Monetary Policy
17. Measuring Moral Hazard on Financial Markets
18. How to Quantify the Macroeconomic Impact of Different Legal Regimes?
19. Can there be too much credit?
20. Theories of asset diversification
21. The War in Ukraine: Which Winners and Losers in the EU?