



# De l'HyperFinance prédatrice, globalisée et dérégulée à l'AlterFinance du Développement

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LUMIA Octobre 2020

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# De l'Hyperfinance prédatrice, globalisée et dérégulée à l'AlterFinance du Développement

1. Le rôle de la monnaie?
2. L'Hyperfinance: globalisation et dérégulation
3. Volatilité + Spéculation = moteurs des crises bancaires
4. Les IFIs et la régulation financière globale: un pilote dans l'avion?
5. Crises financières, écarts de richesse et concentration du capital
  
1. La finance du développement?
2. Les green bonds et les fonds éthiques
3. Monnaie et développement durable?

# The global covid crisis : THIS TIME, IT'S DIFFERENT!

VIX = « fear index » : March 15, 2020





## 2 types of crises



- **Type 1 Crisis**

It emerges brutally, its timing cannot be anticipated = **full « legitimate » surprise!**

1. 1929 « Black Thursday »
2. 10/1973 OPEC oil crisis
3. 12/2004 Asian tsunami
4. 2011 earthquake-driven Fukushima disaster
5. Twin Towers Sept 11, 2001

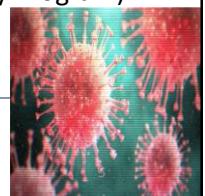


- **Type 2 Crisis**

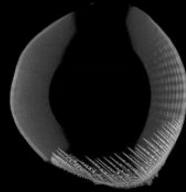
Brutal and unprecedented systemic shock!

**The risk is known and probable**, though the timing of the crisis is unpredictable.

1. 1985 EMCs debt crisis
2. 1986 Chernobyl
3. 1999 Asian banking crisis
4. 2008 financial crisis
5. **CoviD-19** (CIA 2005 report, Bill Gates 2015 TED talk, 2016 World Bank Facility, Obama 2016 pandemic report, 10/2019 International Security Program)
6. (next) **Environmental & Cyber-crisis?**



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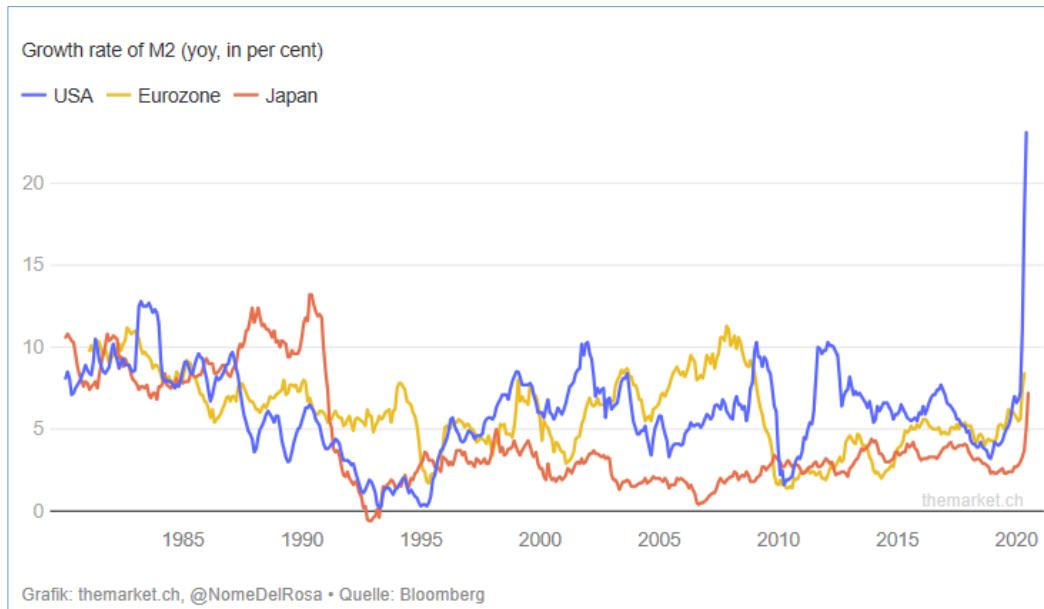


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## Covid-19 Pandemic and Monetary Policy



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## The New Monetary Theory (2020)

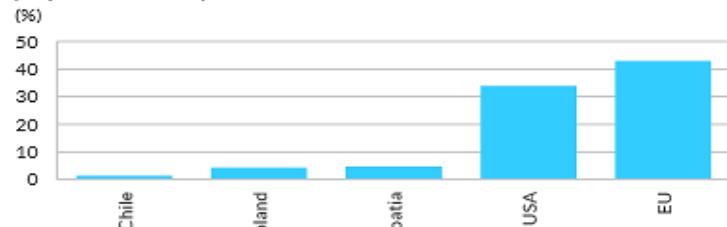
- Roots of modern monetary theory: new-Keynesian orthodoxy, Stephanie Kelton, Bernie Sanders, Joe Biden, Ocasio-Cortez...
- new attention during the pandemic, larger government spending and higher public debts:
- **No limit to the quantity of money that can be created by a central bank.**
- Different in the days of the gold standard, when central banks were restrained by a promise to redeem their money for gold on demand... until 1973
- Governments can (and should!) spend as necessary on all desirable causes – reducing unemployment, green energy, better healthcare and education – without worrying about paying for it with higher taxes or increased borrowing. The government's deficit is by definition the private sector's surplus. They can pay using new money from their central bank.
- Only limit: if inflation starts to rise at full employment, then the solution is increasing taxes. Japan runs a deficit of 240% of GDP with no inflation!

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### Central Bank Bond-Buying Program Size

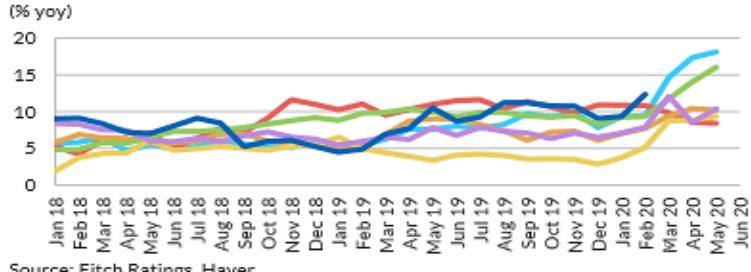
(As percent of GDP)



Source: Fitch Ratings, BIS

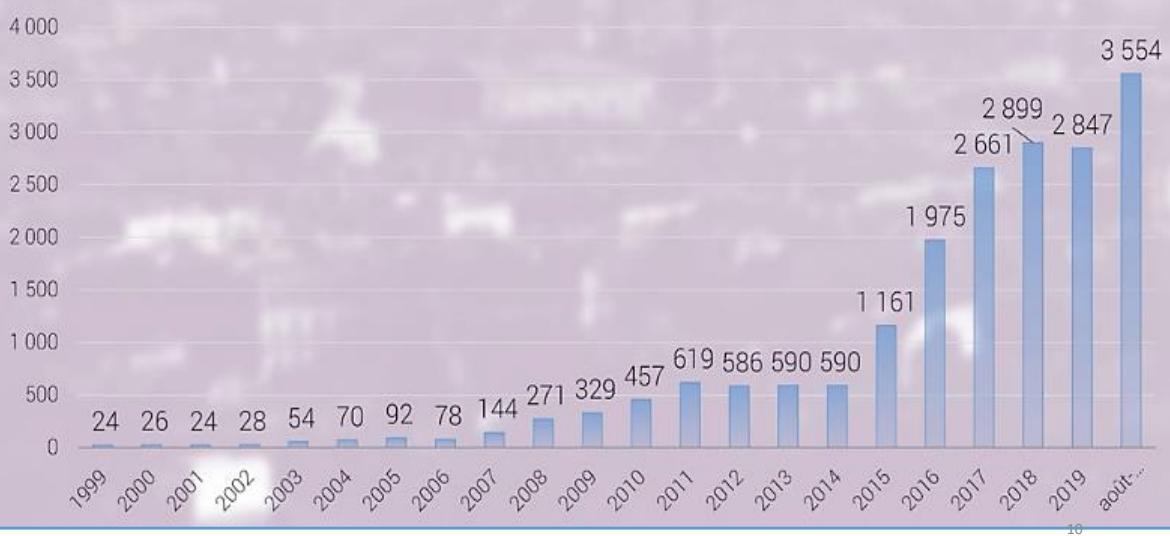
### Money Supply Growth

Colombia — Chile — South Africa — Poland  
 Croatia — Indonesia — Peru



Source: Fitch Ratings, Haver

### Central Banks' monetary support « whatever it takes » *ECB's asset portfolio in US\$ billion 1999-2020*



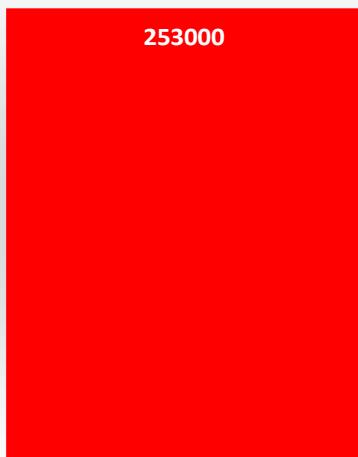
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## 10 year-Treasury rate 1960-2020

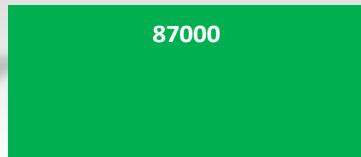


**Global Leverage = Eve of Pandemic Crisis**  
**How much is too much? >300%**

(\\$ millions)



**Global Debt**



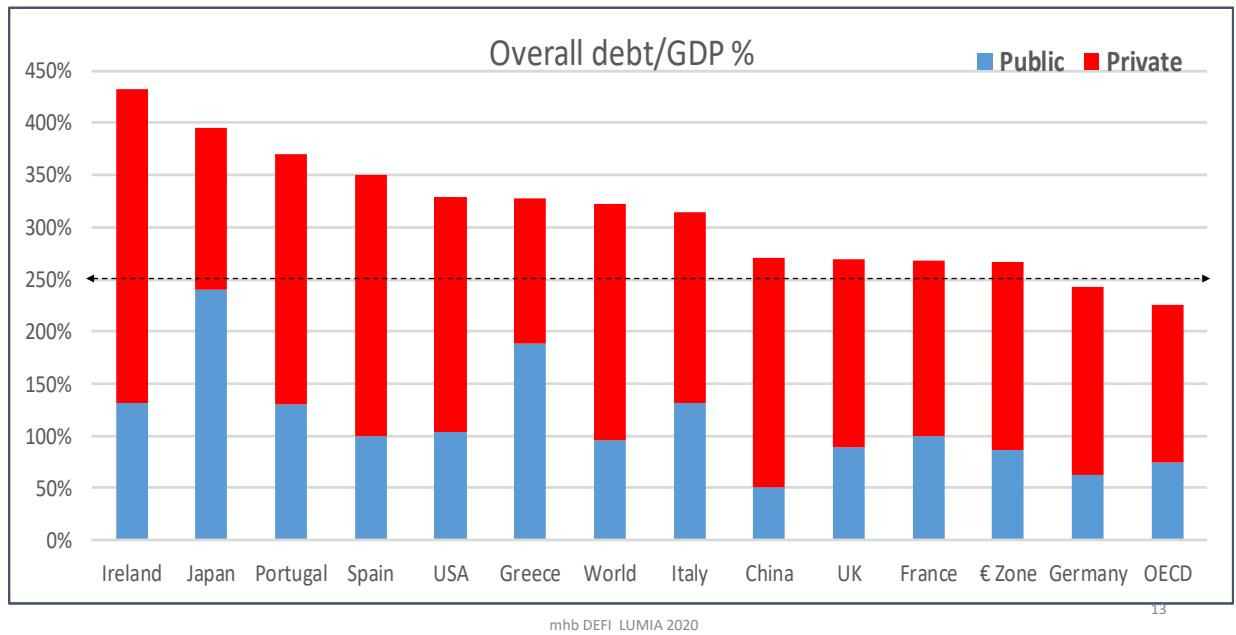
**Global GDP**

Source: IMF & IIF 2020

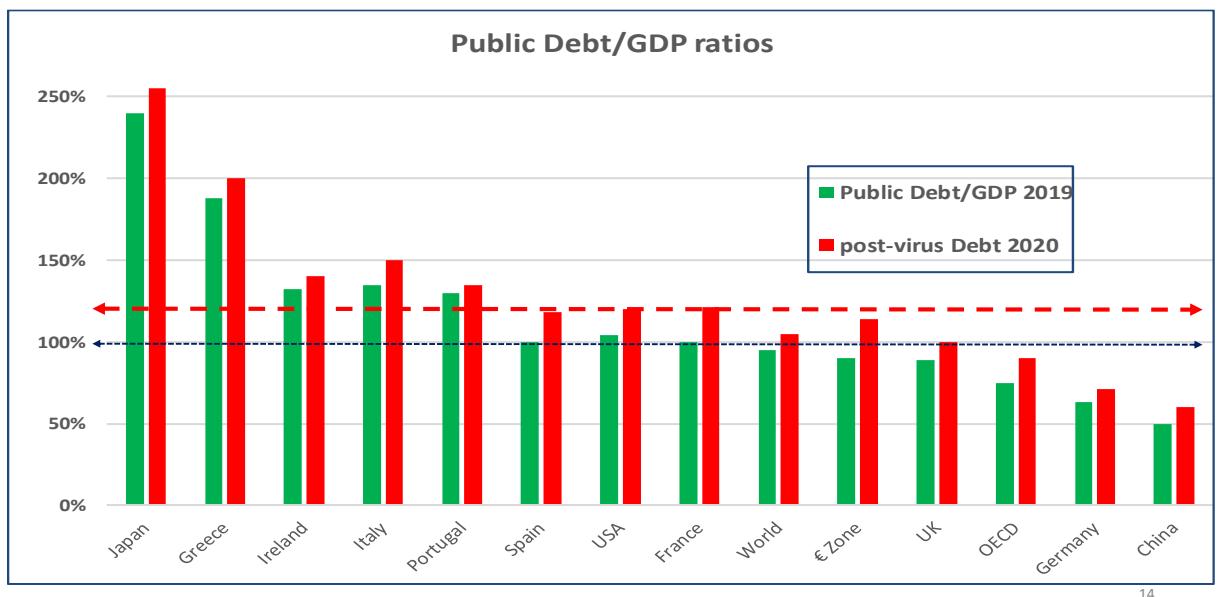
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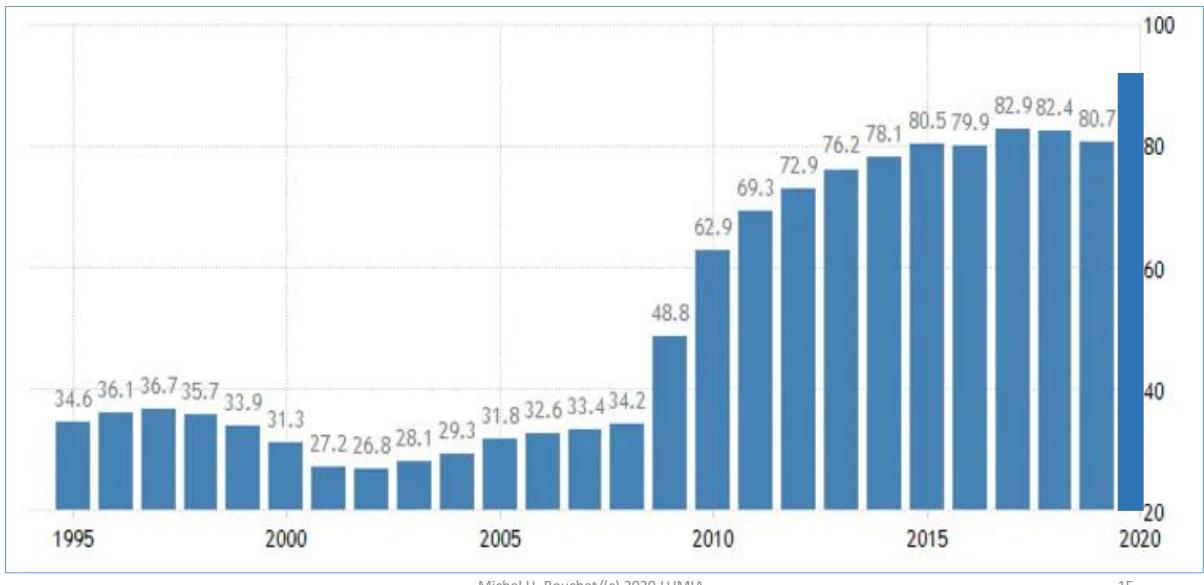
## a decade of ultra-low interest rates and QE



## The budgetary and debt impact of the corona virus crisis

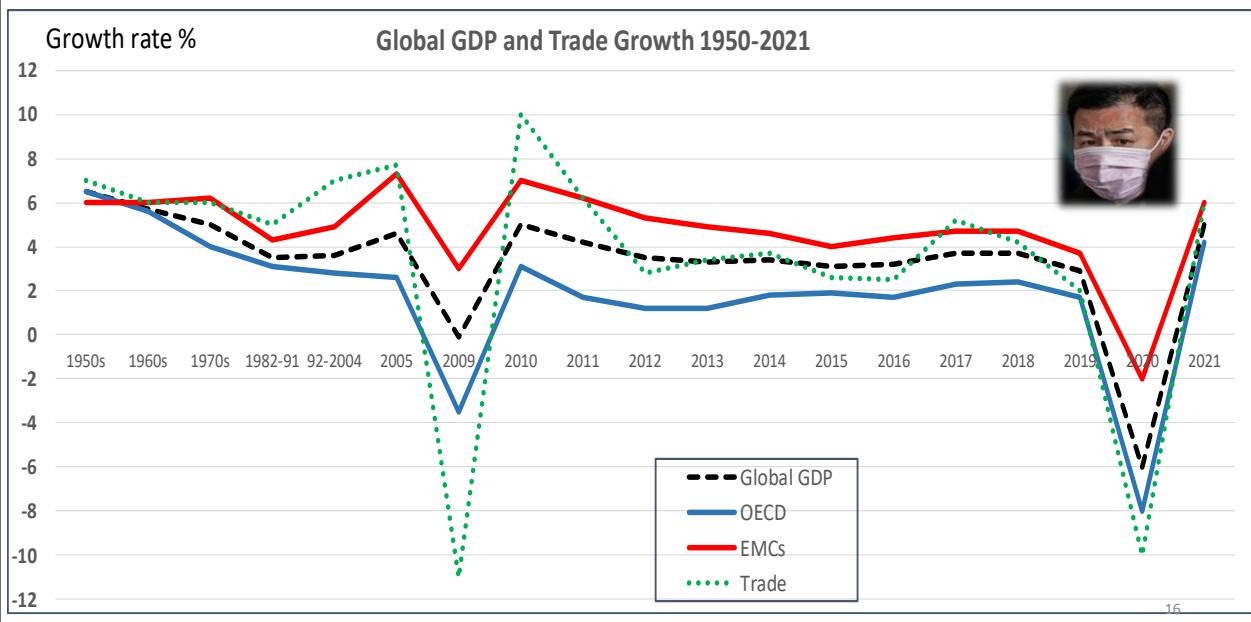


## UK Public Debt Increase in % off GDP 1995-2020



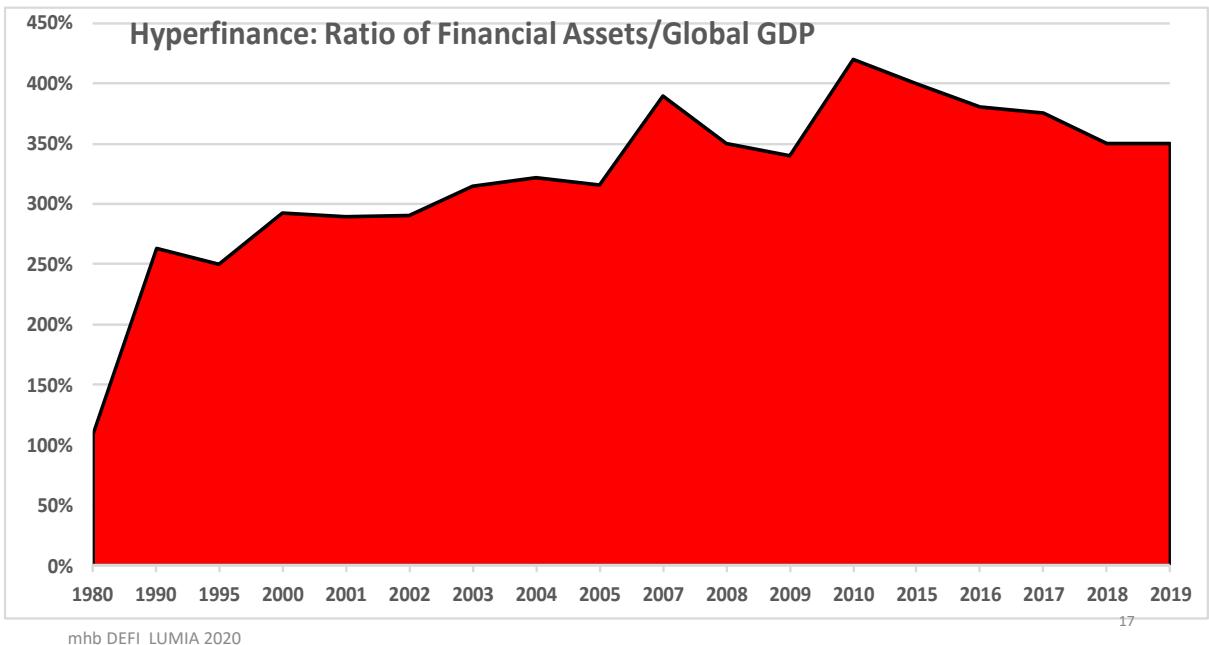
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## Secular stagnation: A full decade of growth and trade slowdown

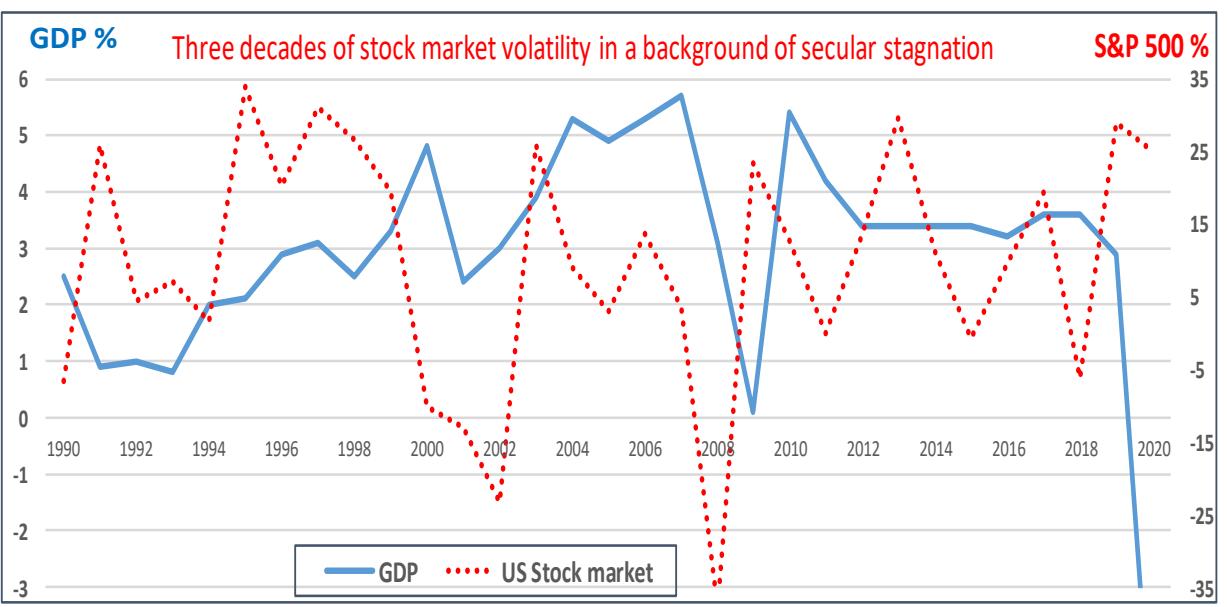


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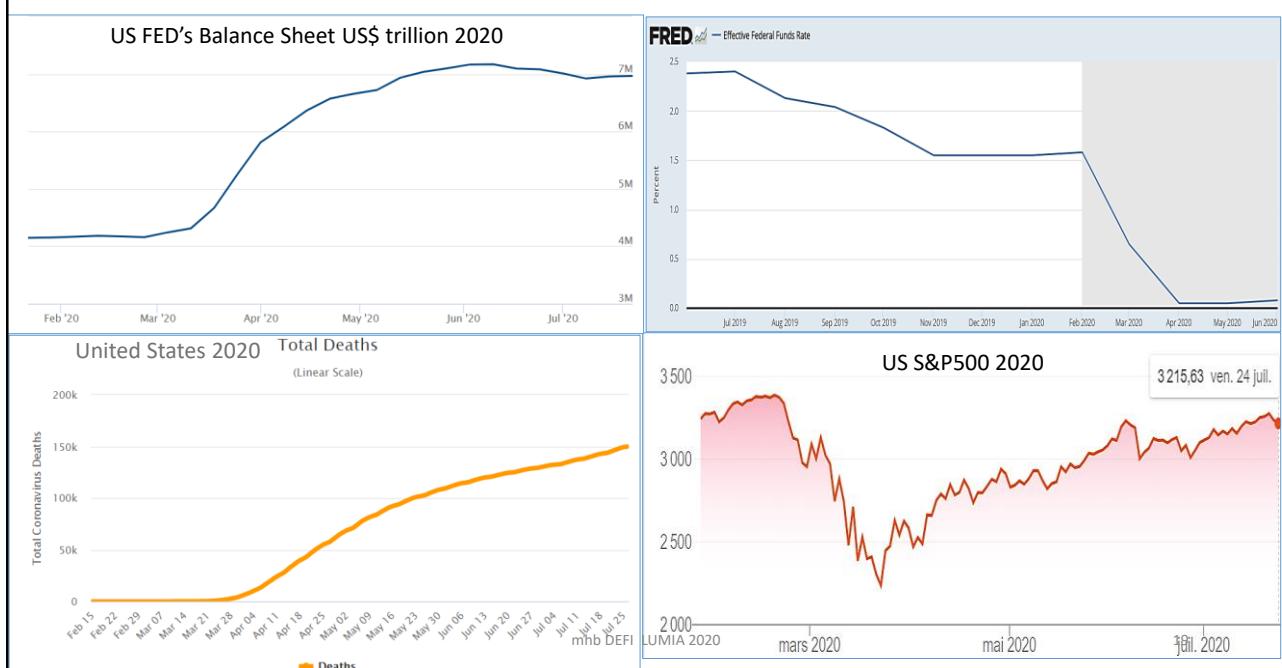
### Hyperfinance: overwhelming supremacy of global finance over the economy



### The Great disconnect

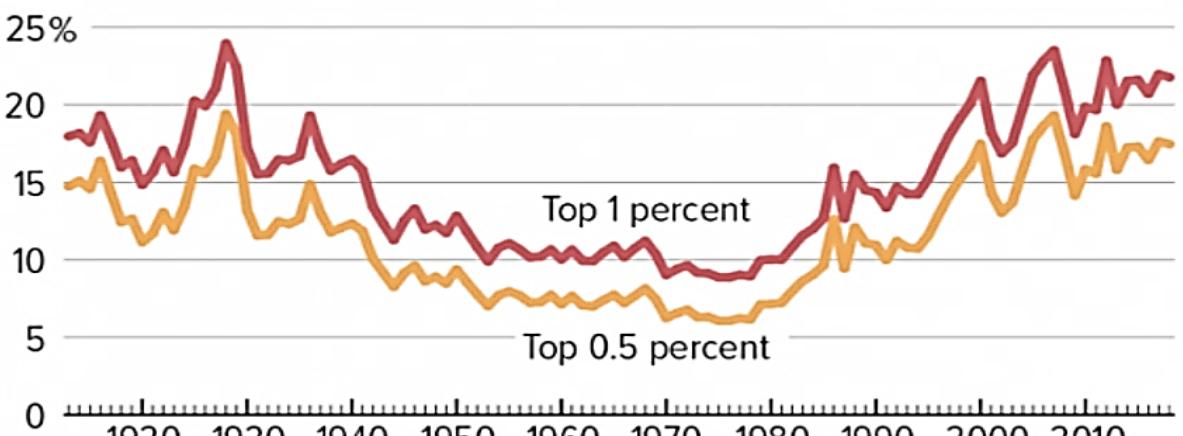


## The « Great Disconnect »: Pandemic versus Stock market



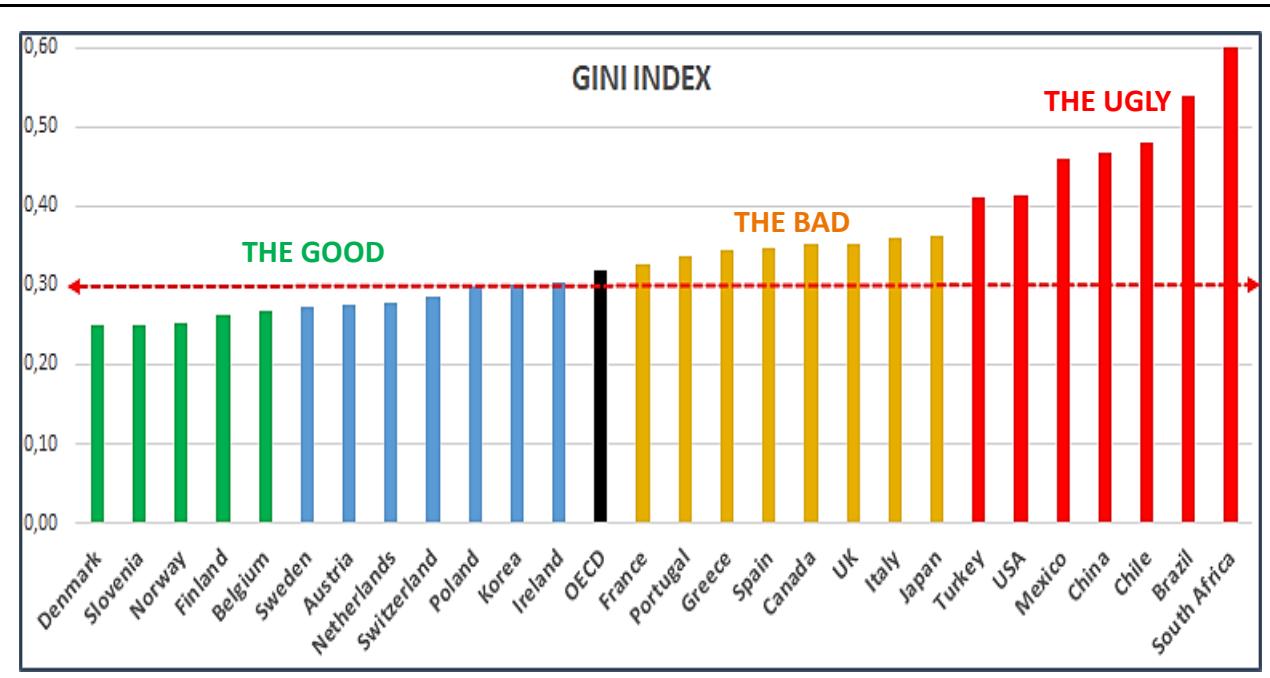
## The winner takes all: US wealth accumulation

Share of total before-tax income flowing to the highest income households (including capital gains), 1913-2018



Source: Emmanuel Saez, based on IRS data

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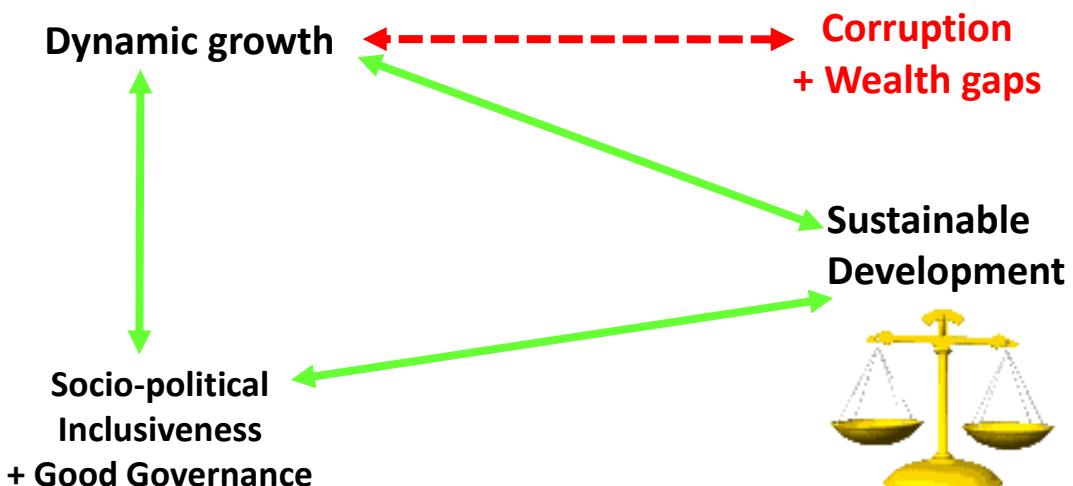


OECD &amp; FRED 2020

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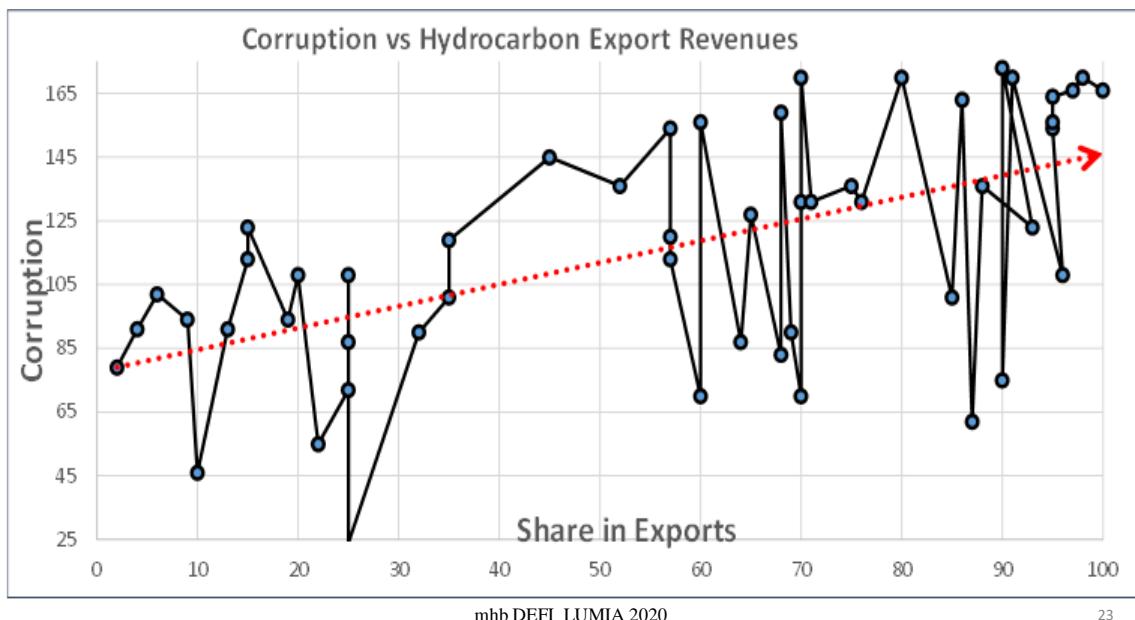
## TRILEMMA OF GROWTH AND DEVELOPMENT?



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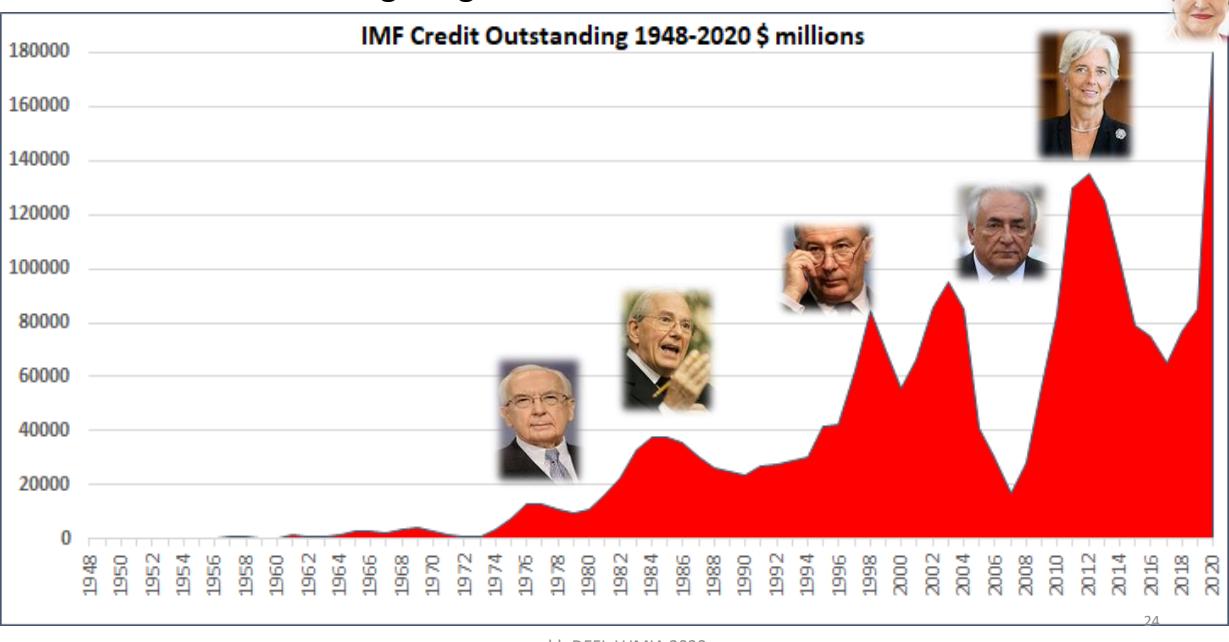
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### Oil-based growth = power and wealth concentration + corruption



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### IMF's fire-fighting role in times of crisis

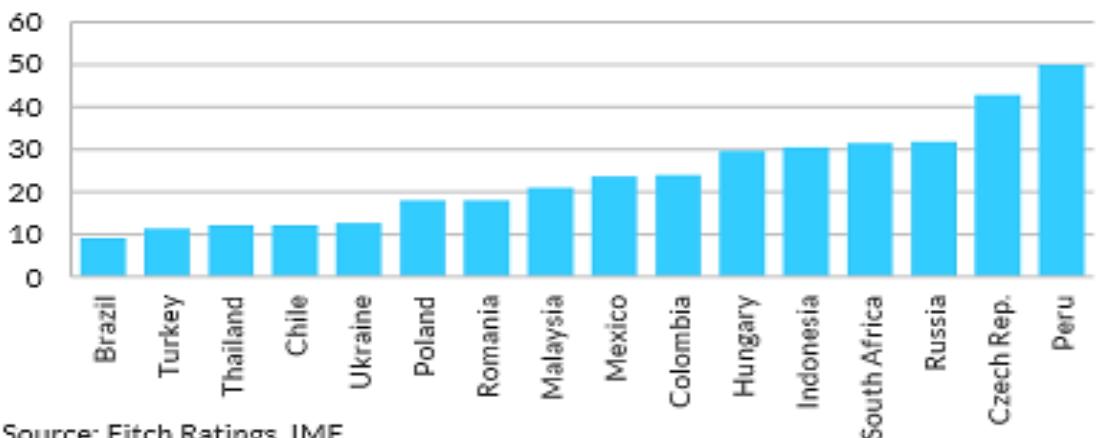


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## Who is holding the debt of EMCS?

### Non-Resident Holdings of Government Debt

(Percent of total)



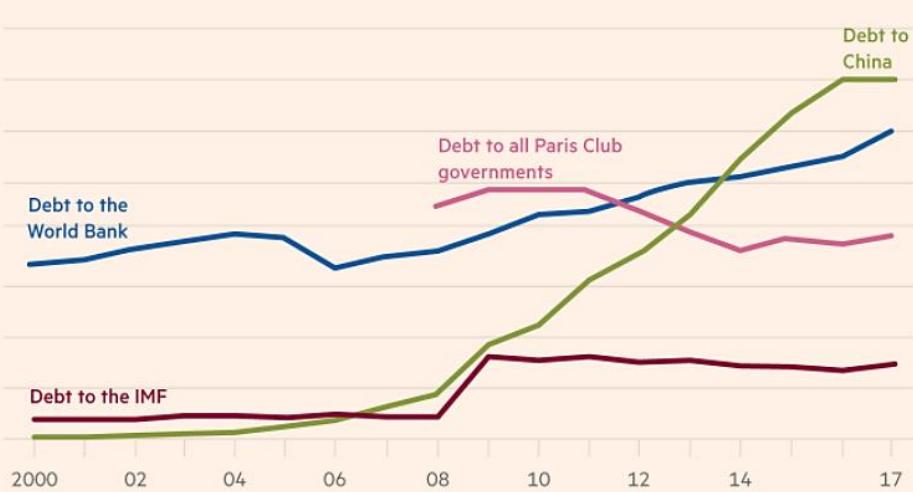
Source: Fitch Ratings, IMF

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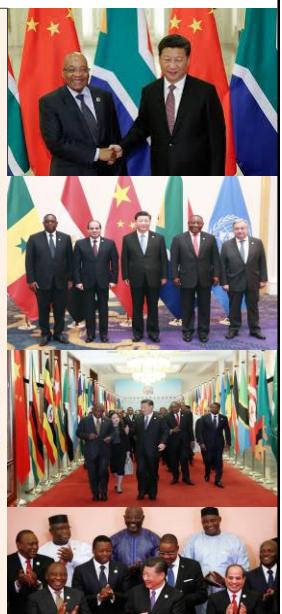
### China : largest creditor to the developing countries

Aggregate external public debt owed to different official creditors (\$bn)



Sources: Horn, Reinhart and Trebesch (2019); World Bank; International Development Association; Paris Club

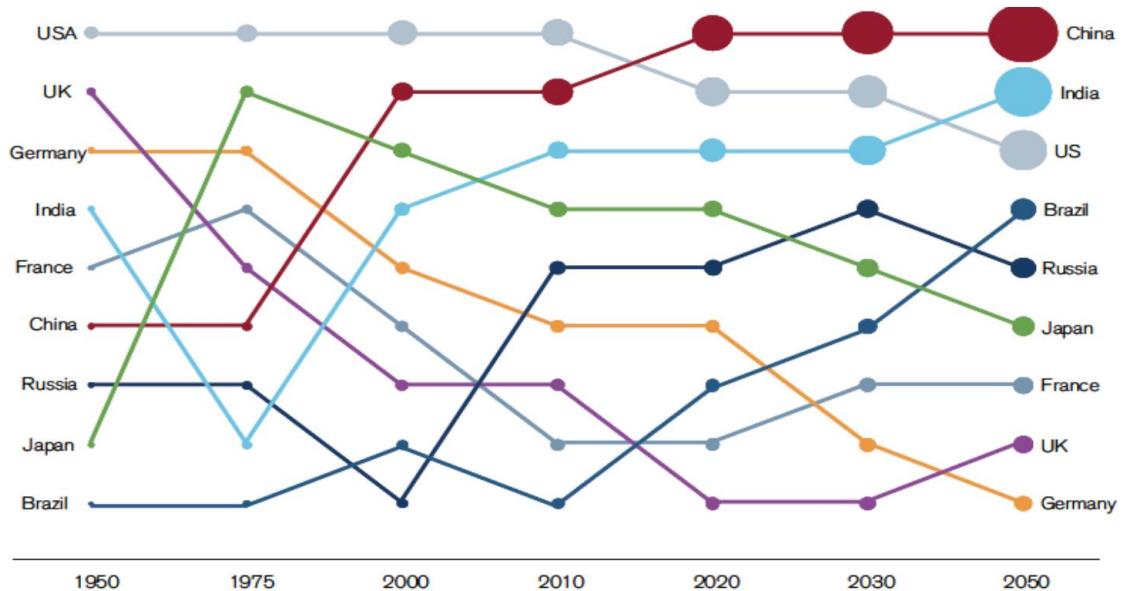
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## Who will be the winner? The Top Global GDP 1950-2050?



World Bank, PWCs 2017

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