Seminar 495. The new macroeconomic quadrilemma: Mundell's trilemma in the era of financial instability

Seminar 495. The new macroeconomic quadrilemma: Mundell's trilemma in the era of financial instability (Dockson Chair in Economics and International Relations, University of Southern California)

Free entrance. Registration for the event is indispensable, and can be done at the following link: Registration

Time: 12:00 m. (refreshment) to12:30 p. m. (start of the seminar)

Exposition duration: 12:30 p. m. a 2:00 p. m.

Location: Banco de la República, Carrera 7 # 14-78, 13th floor (Press Room), Bogotá D.C.

Language of the seminar: English

Abstract: *Framing the Trilemma as a binary choice of "corner options" fitted well the Bretton Woods (BW) 1945-1970 regime at times of limited financial openness and controlled financial stability. Yet, the original Trilemma does not fit well the post BW world as growing number of countries prefer "in-between" regimes. Following crises, financial stability has been added to the original Trilemma policies [financial integration, monetary independence, and exchange rate stability], and the Trilemma morphed into Quadrilemma. We outline an extension of the Trilemma into the post BW system and test and overall validated a version the "Modern Quadrilemma". In line with Tinbergen's result, the added policy tools needed to control financial instability include swap lines (mostly for OECD countries), buffers like International Reserves and Sovereign Wealth Funds (mostly for Emerging Market Economics, EME), and Macro prudential regulation. Notwithstanding Rey's "Dilemma, not Trilemma" argument, the extended Trilemma remains valid into the 21th century.*

If you would like to sign up for the mailing list of the Weekly Economics Seminar of Bogota (Seminario semanal de Economía de Bogotá - in Spanish) to receive programming information directly in your account, you must send an email to seminariossemanales@banrep.gov.co with the subject "Inscripción a la lista de correos"; it is worth reiterating that inscriptions to seminars are not received at this email.

Fuente: https://www.banrep.gov.co/en/contenidos/eventos/seminar-495-new-macroeconomic-quadrilemma-mundells-trilemma-era-financial