

POLS/ECON 409 · *Solutions to 21st Century Problems*

Today's discussion prompts synthesize student-provided questions.

Inflation, interest rates, and finance. Will inflation remain above pre-pandemic levels? If so, what political and economic effects will this have? How should the Fed balance inflation and the need to protect vulnerable banks from rising interest rates? Are there other things policy makers should do to prevent financial crises? More broadly, is there a need to reassess the Federal Reserve's mandate? How will the partisan divide affect the future role of the Fed?

Financialization. After a half century in which the size of the financial sector vastly expanded and intruded into ever more economic relationships, can the financialization of the economy be slowed or reversed? Are cryptocurrencies and microfinance the next frontier for financialization? Generally, is better regulation the answer to financialization, or will bank-like entities continue to evade the reach of regulators? Can higher interest rates help discourage financialization?

Sovereign debt. Governments have piled up debt during the pandemic. What role has "debt monetization" played in financing this debt? What opportunities and challenges does it create? How can debt be reduced?

Supply chains and trade. How will global supply chains be reshaped following the pandemic? Will there be a shift toward diversified supply sources to reduce dependence on a single country or region? Is diversification feasible? More generally, how has international trade changed as a result of the pandemic, and how will it evolve in the future?

Shocks and trends. Did the pandemic and responses to it disrupt or reinforce trends towards economic inequality and populism?

Cryptocurrencies. U.S. regulators seem to have protected the broader American financial system from spillovers from the cryptocurrency downturn. Yet many nations failed to adopt sufficient protections, and El Salvador and the Central African Republic even established cryptocurrencies as national currencies. What explains variation in cryptocurrency regulation across countries? Did cryptocurrencies ever offer benefits to developing countries, and if so, will they do so in the future?

AI. How should AI be regulated in the US and elsewhere? What are the risks and opportunities for fostering innovation? For protecting employment?

China. Does China's rise threaten democracy worldwide? What economic and political effects will China's influence and, specifically, China's trade have on less developed nations?

Anti-fragility. Fragile systems are those which may be damaged by shocks, whereas robust systems tend to persist in the presence of shocks. Nicholas Nassim Taleb argues that the best systems are "anti-fragile" in the sense of thriving in the context of stressors, and at least to some extent, actually improving as a result of experiencing stress. How can we build robust or even antifragile financial systems and governments?

Elites and democratic responsiveness. What is the relationship between elite dominance and the "post-truth era"? As a general matter, is elite dominance inimical to representative democracy? What effect has the pandemic had on democratic responsiveness?

Polycrisis Century? Will the rest of the 21st century be as tumultuous as the start? What sorts of economic, environmental, and health crises can we expect to occur? Is a "new deal" for twenty-first century problems like automation and climate change possible, and what would it take to get one? If economic inequality, political polarization, misinformation, and threats to democracy are mutually reinforcing trends, what can counter them? Can these problems even be tackled with policy or political coalitions, or can they only be shaped, resolved, or shifted by other forces – and if so, what?

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