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## Course Package “Master class (Actual issues of financial markets and institutes regulation)”

<b>Work Package</b>	WP3: Development of Course Materials for the Reformed MA Programmes, Deliverable 3.1
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## Document History

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1	20.10.2018	Sandoyan Edward, Galstyan Ani	Draft 1
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### **Disclaimer:**

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## 1. General information about the course

Explanation: Please fill in the table below.

<b>Title of the course (as specified in the reformed curriculum)</b>	Master class (Actual issues of financial markets and institutes regulation)
<b>Name of the teacher</b>	Sandoyan Edward, assistant – Galstyan Ani
<b>Novelty of the course (please select as appropriate)</b>	<u>This course is an updated and revised version of a course which already existed in the curriculum</u> <b>OR</b> This course is a newly developed course (new in the curriculum)
<b>Year of the course in the curriculum</b>	1 <sup>st</sup> year
<b>Semester of the course in the curriculum</b>	2 <sup>nd</sup> semester
<b>Language of instruction of the course</b>	Russian
<b>Number of ECTS credits</b>	4 ECTS

## 2. Learning outcomes of the course

Explanation: Please specify the learning outcomes of the course.

- Ability to apply fundamental knowledge in the field of finance when solving practical and research problems
- Ability to make financially sound organizational and managerial decisions
- Identify and assess the economic consequences of the government regulation of economy
- Forecast the impact of monetary and fiscal policies on the financial system of the economy
- Advanced knowledge of the banking process
- Advanced knowledge of financial system
- Ability to make research on a practical economic issue

### 3. Syllabus of the course

Explanation: Please provide a detailed syllabus of the course (broken down in weeks) – maximum 2 pages

This course consists of 16 subjects and represents an intercountry analysis of the efficiency of institutes in different spheres of government regulation of the economy and economic policy.

Subject	Academic hours	Description
1. A brief analysis of the current state of the Armenian economy: comparative cross-country comparisons of macroeconomic indicators and institutional development.	4	Analysis of the dynamics of the main macroeconomic indicators. Analysis of institutional development. The process and results of economic reforms.
2. Actual problems of the market economy formation in Armenia.	2	Features of the transition. The main steps to transform the economy. The main issues of the Armenian economy. Creating economic opportunities. Intercountry comparisons of transition period.
3. Market and state in the modern economy.	2	Economic order and market mechanism. Macroeconomic growth and stability. General issues of the macroeconomics of the post-socialist transition on the examples of Russia and Armenia.
4. State mechanism for the regulation of economic processes.	2	The need for state regulation of the market economy. Bodies and methods of state regulation of the economy. Commodity and financial markets as objects of state regulation. Consumer rights and the need for their state protection. Bodies of state regulation of the economy, their varieties, and functions. Features of the creation and functioning of these bodies in transition countries.
5. The public sector. Government spending and income. State and local budgets. State debt: external and internal	4	The state (public) sector of the economy, the essence, and necessity. Revenues and expenditures of the state. The state budget, its structure, and formation. State debt: external and internal. Budget deficit: concepts and trends. Strategy, methods, and tools of public debt management. Interaction of the public and private sectors.
6. Money market and financial institutions. Regulation and development policy of the system of financial intermediation.	2	Money, prices and interest rates. Financial institutions: commercial banks; savings institutions and mortgage banks; credit unions and financial companies; investment banks, venture capital and hedge funds; insurance companies and pension funds; financial conglomerates and investment companies. Global financial markets. The future of financial systems.
7. Central Bank and monetary policy	2	Central Bank. International experience. US Federal Reserve. CB of RF and RA. Monetary policy instruments. The effect of money on output and prices. Equilibrium in the money market. Features of

		monetary policy in countries with transition economy.
8. Banking system. State regulation of banking	2	Money and interest rates. Banking and money supply. Banking as a business. Commercial banks: universal and specialized. Banking operations. Banking Management. International banking. Legal regulation of banking. Licensing, regulation, and supervision of banking activities. Forms and methods of regulation and supervision. Basel Committee on Banking Supervision.
9. Stock market. Institutional participants of the capital market. State regulation of the securities market	2	Stock market. Theory of an effective market. Financial strategies. Stock Market Tools. Short-term and long-term capital markets. Institutions of the capital market. State regulation of the securities market. Worldwide experience. Securities Commission of the Russian Federation and the Republic of Armenia. Licensing of specialized activities in the stock market. Registration and listing of securities. Globalization of capital markets.
10. Fiscal policy.	2	Economic aspects of taxation. Principles of taxation. Federal and local taxes. Tax efficiency. Direct and indirect taxes. Local taxes. Forms and methods of implementation of the state fiscal policy. Features of tax administration in Russia and Armenia.
11. The policy of maintaining economic growth and stability.	2	Long-term growth trends. Theories and types of economic growth. Economic cycles and unemployment. Inflation. Fighting inflation and price stability. Modern theories of inflation.
12. State foreign economic policy.	2	International trade, exchange rates and balance of payments. Comparative country benefits. Protectionism. Economic Development Strategy. International financial system. The international cooperation. Bretton Woods system, its destruction and a hybrid system of the present time. International Monetary Fund. The World Bank. Coordination of macroeconomic policies. Globalization.
13. State social policy.	2	The social cost of reforms in the Russian Federation and the Republic of Armenia. Institutional formation of the socio-cultural sphere. Housing and communal services reform: models and prospects. State regulation of the labor market and employment. Reform of science and education.
14. State health policy	2	The role of the government in health care. Known approaches to the organization of health.
15. Deterring the market power: government regulation and antitrust policy	2	Business regulation: theory and practice. Regulation of the natural monopoly in public services. State antitrust policy. The main issues of antitrust policy: behavior, structure, and mergers
16. The causes and consequences of the global financial and economic crisis of 2007-2010.	2	Factors and causes of the global crisis. The nature of the Armenian crisis. Anti-crisis program of the RA government. The effectiveness of anti-crisis measures applied in different countries.

## **4. Teaching methodology of the course**

Explanation: Please explain the teaching methodology and pedagogical approaches of the course – maximum ½ page

This course consists of lectures, which are accompanied by the appropriate presentation. In order to enhance the understanding, the key issues are discussed during the classes.

This course involves also case studies on the Armenian economy, as well as international experience and classroom discussions of the most pressing issues of the Armenian economy.

## **5. Labour market relevance of the course**

Explanation: Please explain the labor market relevance of the course (linked to findings of WP1) – maximum ½ page

This course represents an intercountry analysis of the efficiency of institutes in different spheres of government regulation of the economy and economic policy. The purpose of the course is to form theoretical and practical knowledge in the field of government economic policy analysis and assessment. After passing this course the students will know methods and instruments of economy's government regulation, as well as will be able to develop their own opinion at the choice of models of state regulation of the economy. As nowadays the labor market demands more practice-oriented knowledge, this course being almost totally practical, will give students labor market relevant knowledge.

Since graduates of master's programs often find work in ministries, banking systems or in the central bank, knowledge in the field of financial sector in Armenia is essential for successful work in these areas.

## **6. Assessment and grading**

Explanation: Please explain the form of assessment of the course – maximum ½ page

The assessment of the knowledge of the students enrolled in this course consists of two parts: written test and research paper.

The written test will form 50% of the final grade.

The submission and presentation of the research paper will form 50% of the final grade.

## 7. References

Explanation: Please provide the main references and recommended reading for the course – maximum 1 page

### Primary literature

- Financial Markets and Institutions, by Frederic S. Mishkin, Stanley G. Eakins, Pearson, 2017.
- The Alchemy of Finance, by George Soros, Paul A. Volcker, Wiley, 2015.
- Presentation\_WDI\_2011 (slideshow)
- Electronic library for students, [www.rau.am/eco](http://www.rau.am/eco)
- Blog of Sandoyan E., [www.sandoyan.wordpress.com](http://www.sandoyan.wordpress.com)
- Annual materials of the World Bank, International Monetary Fund, etc.
- Legislation of RA and RF, normative acts of CB of RA.
- Posner, R. A. "Theories Of Economic Regulation," Bell Journal of Economics, 1974, v5(2), 335-358.
- The effects of Economic Regulation, Paul L. Joskow and Nancy L. Rose, Massachusetts Institute of Technology, in Handbook of Industrial Organization, Volume II, edited by R. Schmalensee and R.D. Willis: 1450-1498, 1989.
- Сандоян Э.М. Проблемы модернизации системы банковского регулирования в Армении (монография) // Ер.:Изд-во РАУ, 2007.

### Secondary literature

- The economics of regulation: principles and institutions. Atlantic Economic Journal; Sep 1990.
- Российская экономика в 2008 году. Тенденции и перспективы. (выпуск 30) – М.: ИЭПП, 2009. С. 655
- Фишер С., Дорнбуш Р., Шмалензи Р. Экономика: Пер. с англ. со 2-го изд.- М.:Дело,2002
- С. Фрост. Настольная книга банковского аналитика/ Изд-во «Баланс Бизнес Букс», Днепропетровск. 2006. 672с.
- Абель Э., Бернанке Б. Макроэкономика. 5 изд.- СПб.: Питер, 2008.-768 с.
- Б. Е. Бродский. Лекции по макроэкономике переходного периода; уч. Пособие для вузов/ Гос. ун-т – высшая школа экономики. – М.: Изд. Дом ГУ ВШЭ, 2005. – 223с.

## 8. Course assignments

Explanation: Please provide two assignments for the course (e.g. group work, project, essay, case study, homework).

### 8.1 Assignment 1

The students have to do a small research about the transition from centralised economy to a market based economy in different post-soviet countries.

After class discussion of their research.



## **8.2 Assignment 2**

Students have to write a research paper (20 pages) .

The research paper is a study within a given topic for each student.

Research structure:

1. literature Review - 45% of the work.
2. The analytical part - 45% of the work.
3. Conclusions – 10% of the work.

## **8.3 Assignment 3**

Presentation of the research paper (slideshow).

The student presents a presentation based on the research work. The presentation should be as interactive as possible so that the entire audience is involved in the discussion of the presented topic. The presentation form is free; the creative approach is desirable.

## **Annex: Presentation slides**

Explanation: Please provide presentation slides for your course (this can be done in a separate document, e.g. Power Point (Minimum: 25 slides))