

PSCI 4805A/5802W
THE POLITICAL ECONOMY OF GLOBAL FINANCE
Monday 11.35am – 2.25pm
Please confirm location on Carleton Central

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Wednesday 10am – 12noon
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AIMS AND OBJECTIVES

The main aim of this course is to provide students with the knowledge to evaluate critically the organization and structure of the global financial system using analytical tools derived from the tradition of political economy. Specific objectives include:

- familiarizing students with different approaches to the political economy of global finance
- exploring the historical evolution of global finance
- examining the changing relationship between public and private authority within the global financial system
- exploring the role of international financial institutions in the global economy
- considering different possible sources of international financial instability
- evaluating current and future forms of global financial regulation
- developing research skills by conceiving, executing and presenting a major piece of independent research

By taking this course, students will deepen their knowledge of how finance is organized on a global basis, extend their understanding of current global financial issues, and equip themselves for further research into the political economy of global finance and the world-economy.

STRUCTURE AND ASSESSMENT

The course meets in seminar format each week. It consists of two combination lecture/seminar classes, followed by six seminars that consider different aspects of the global financial system. These seminars are question-driven, and will consist of a combination of student-led questions, small group work, and general class discussion. The final four seminars are devoted to student presentations of their major research essays.

Every student is expected to read all of the assigned readings each week, which will be 75-100 pages on average. Beyond this, you are encouraged to consult the further readings to supplement classroom discussion when appropriate, and to use the money and finance bibliography as a research aid for your major essay. All of these materials are available on the cuLearn website for this course.

Assessment at a glance:

<u>Percentage</u>	<u>Assignment</u>	<u>Due Date</u>
25%	critical book review (2000/2500 words)	February 5
50%	research paper (4000/5000 words) [includes 500 word outline]	April 8
25%	oral contribution	February 12 ongoing

The shorter word length applies to undergraduate students (PSCI 4805), while the longer one applies to graduate students (PSCI 5802W).

Your oral participation mark assesses your comprehension of the material being covered and your ongoing commitment to the subject. Accordingly, assessment for oral participation is derived from a combination of attendance, the frequency of interventions in class discussions, and the quality of these interventions. A general record is kept of seminar discussions. You may enquire about the status of your oral contribution grade at any time.

In addition to your general contributions to seminar discussions, students will be expected to help lead off seminar discussions by posing one or two questions about the readings that highlight different aspects of the seminar questions for that week. Eight students will be selected at random each week to provide lead-off questions, which means that you may expect to be called upon to do this at least twice and possibly three times during the semester. Additionally, each student is responsible for presenting their major research essay during one of the final four seminar classes; this presentation should be about 10-15 minutes in length, and will be followed by a 10-15 minute question and answer period. It is through the combination of lead-off questions, contributions to seminar discussion and essay presentation (together with the Q & A which will follow) that I assemble the assessment of your oral contribution grade.

Please note that it is rare for your oral contribution mark to lower your grade; on the contrary, it is an excellent opportunity to raise your mark. However, in order to do so you must attend seminars and contribute to the discussion in a manner that reflects your comprehension of the material. Finally, your responsibility to contribute to seminar discussions extends also to the research seminar presentations during the last four weeks of the course. Your questions and comments on your colleagues' presentations will form a part of your oral contribution assessment.

In order to achieve an effective and successful seminar, the following ground-rules for participation will be adhered to:

1. Complete the readings each week and come to seminars prepared to ask and respond to questions
2. Enter into debate and discussion using an appropriate tone and language (ie keep the tenor of your comments civil and avoid the use of inappropriate language beginning with letters such as 'f' or 's' or 'p'...)
3. Participate in an orderly fashion, avoiding interjections that interrupt the contributions of others

ESSAY REQUIREMENTS

All written assignments are to be submitted via the assignment link on cuLearn.

The critical book review is due by the end of the day on **Friday February 5th**. You must choose one of the following books:

- Rawi Abdelal, *Capital Rules: the construction of global finance*.
- Rob Aitken, *Performing Capital: toward a cultural political economy of popular and global finance*.
- Jacqueline Best, *The Limits of Transparency: ambiguity and the history of international finance*.
- Mark Blyth, *Austerity: the history of a dangerous idea*.
- André Broome, *The Currency of Power: the IMF and monetary reform in central Asia*.
- Benjamin Cohen, *The Geography of Money*; or *The Future of Money*.
- Jeffrey Chwieroth, *Capital Ideas: the IMF and the rise of financial liberalization*.
- Marieke de Goode, *Virtue, Fortune and Faith: a genealogy of finance*
- John Eatwell and Lance Taylor, *Global Finance at Risk*.
- Barry Eichengreen, *Globalizing Capital* (2nd ed.).
- Anthony Elson, *Governing Global Finance*.
- Niall Ferguson, *The Ascent of Money*.
- Graham Harrison, *The World Bank and Africa: the construction of governance states*.
- Eric Helleiner, *States and the Reemergence of Global Finance*.
- Eric Helleiner, *The Status Quo Crisis*.
- Eric Helleiner, *The Forgotten Foundations of Bretton Woods*.
- Juliet Johnson, *Fistful of Rubles: the rise and fall of the Russian banking system*.
- Ethan Kapstein, *Governing the Global Economy*.
- Jonathan Kirshner, *Appeasing Bankers: financial caution on the road to war*.
- Martijn Konings, *The Development of American Finance*.
- Paul Langley, *The Everyday Life of Global Finance: Saving and Borrowing in Anglo-America*.
- Kathryn Lavelle, *Legislating International Organization: the US Congress, the IMF and the World Bank*.

- Manuela Moschella, *Governing Risk: the IMF and the global financial crisis*.
 Louis Pauly, *Who Elected the Bankers? Surveillance and control in the world Economy*.
 Carmen Reinhart and Kenneth Rogoff, *This Time is Different: Eight Centuries of Financial Folly*.
 Leonard Seabrooke, *The Social Sources of Financial Power*.
 Herman Schwartz, *Subprime Nation: American capital, global power and the housing bubble*.
 Timothy Sinclair, *The New Masters of Capital*.
 David Andrew Singer, *Regulating Capital: setting standards for the international financial system*.
 Andrew Sobel, *State Institutions, Private Incentives, Global Capital*.
 Susan Strange, *Mad Money*.
 John Taylor, *Global Financial Warriors: the untold story of international finance in the post 9/11 world*.
 Andrew Walter, *Governing Finance: East Asia's Adoption of International Standards*.
 Catherine Weaver, *Hypocrisy Trap: the World Bank and the poverty of reform*.
 Duncan Wood, *Governing Global Banking: the Basel Committee and the politics of financial globalization*.
 Ngaire Woods, *The Globalizers: the IMF, the World Bank and their Borrowers*.

This review, maximum 2000/2500 words in length, should be a critical assessment of the book and most crucially its main arguments. There is an expectation of considerable theoretical and/or historical sophistication in this assignment, as we will have spent several weeks working through many of the themes with which these books engage. Be sure to strike an appropriate balance between the descriptive elements of the review and the critical assessment: in the end, I will expect a clear argument about the overall persuasiveness and logic of the book under review.

The major research essay, maximum 4000/5000 words in length, is an independent piece of research on a topic related to the themes and issues of the course. This is a major piece of work, and should command an appropriate share of your time and energy. The topic you choose may follow on from one of the seminar discussion themes, or it may reflect more closely your own specific research interests. In any case, I must approve your choice of topic, and a 500 word outline containing the title, research question, the organization of the paper, an indication of some of the relevant literature, a brief and tentative summary of the argument and a select bibliography, must be submitted by **Friday February 12th**. The research essay itself is due on **Friday April 8th** for undergraduate students and **April 15th** for graduate students.

There is a **late penalty of 3% per day including weekends** for all essays handed in after the due date. Essays will not be accepted for evaluation past 10 days from their due date, unless an extension is received from the instructor.

COURSE TEXTS

There are no assigned course texts; all of the readings are available through the MacOdrum library portal or the cuLearn website for this course.

Although we do not undertake any formal economic analysis in this course, we encounter economic concepts and vocabulary on a regular basis. If you are concerned about your command of the basic economic concepts associated with understanding the political economy of global finance, you may also consider purchasing a good upper-level introduction to international economics. I would recommend:

Paul Krugman and Maurice Obstfeld, *International Economics: theory and policy* (latest edition).

COURSE OUTLINE

This outline is to be used in conjunction with the ‘Further Readings’ and the selected bibliography on the ‘Political Economy of Money and Finance’, both of which are available on the cuLearn website for this course. I encourage you to consult these resources as you work on your presentations and essay.

WEEK 1 *Introductions; course structure and assessment* (January 11) *Mini-lecture: what is global finance?*

David Andrews and Thomas Willett, “Financial Interdependence and the State: international monetary relations at century’s end”, *International Organization*, Vol. 51, no. 3 (1997): 479-511.

WEEK 2 *The political economy of money and finance* (January 18)

Readings

Susan Strange, “The Politics of International Currencies,” *World Politics*, Vol. 23, no.2 (1971): 215-231.

David Andrews, "Capital Mobility and State Autonomy: Toward a Structural Theory of International Monetary Relations," *International Studies Quarterly*, Vol. 38, no. 2 (1994): 193-218.

Jonathan Kirshner, “Money is Politics”, *Review of International Political Economy*, Vol. 10, no. 4 (2003): 645-60.

Benjamin Cohen and Tabitha Benney, “What Does the International Currency System Really Look Like?” *Review of International Political Economy*, Vol. 21, no. 5 (2014): 1017–41.

WEEK 3 *Global Finance in Historical Perspective* (January 25)

Questions: How have the main dynamics of ‘global finance’ changed over the past 150 years? How distinct are the different eras of ‘global finance’ (such

as the gold standard era, the inter-war period, Bretton Woods and the contemporary period)?

Readings

- Marc Flandreau, "Central Bank Cooperation in Historical Perspective: a sceptical View," *Economic History Review*, second series, Vol. 50, no. 4 (1997): 736-63.
- Harold James, "The causes of the German banking crisis of 1931", *Economic History Review*, second series, Vol. 37, no.1 (1984): 68-87.
- Richard Cooper, "Prolegomena to the Choice of an International Monetary System," *International Organization*, Vol.29, no.1 (1975): 63-97.
- Eric Helleiner, "States and Global Finance," *Review of International Studies*, Vol.18, no.1 (1992): 31-49.

WEEK 4 *Global Finance and the Nation-State* (February 1)

- Questions:** Has global finance triumphed over the nation-state today, or does it need the nation-state more than ever? Or does global finance only need some nation-states?

Readings

- Eric Helleiner, "Explaining the globalization of financial markets: bringing states back in", *Review of International Political Economy*, Vol. 2, no. 2 (1995): 315-41.
- Layna Mosley, "Globalisation and the State: still room to move?", *New Political Economy*, Vol. 10, no. 3 (2005): 355-62.
- Martijn Konings, "The Construction of US Financial Power," *Review of International Studies*, Vol. 35, no.1 (2009): 69-94.
- Benjamin J. Cohen, "The International Monetary System: diffusion or ambiguity", *International Affairs*, Vol. 84, no.3 (2008): 455-470.

WEEK 5 *International Institutions and Global Finance* (February 8)

- Questions:** What role do IFIs play in the global financial system? How is their role changing? How significant are IFIs, or are they marginal actors?

Readings

- Eric Helleiner, "The Limits of Incrementalism: the G20, the FSB and the International Regulatory Agenda", *Journal of Globalization and Development*, Vol. 2, no. 2 (2012): 1-19.
- Leonard Seabrooke, "Global Monitor: BIS", *New Political Economy*, Vol. 11, no. 1 (2006): 141-149.
- André Broome, "The importance of being earnest: the IMF as a reputational intermediary", *New Political Economy*, Vol. 13, no. 2 (2008): 125-51.

Catherine Weaver, "The World's Bank and the Bank's World," *Global Governance*, Vol. 13, no. 4 (2007): 493-512.

READING WEEK (NO CLASS)

(February 15)

WEEK 6 *Global Financial Crisis: 2007/2009*

(February 22)

Question: What constitutes a 'global financial crisis', and was 2007/2009 a 'global' crisis? How should we understand a global financial crisis?

Readings

Daniel Drezner and Kathleen McNamara, "International Political Economy, Global Financial Orders and the 2008 Financial Crisis," *Perspectives on Politics*, Vol. 11, no. 1 (2013): 155- 166.

Peter Katzenstein and Stephen Nelsen, "Reading the right signals and reading the signals right: IPE and the financial crisis of 2008," *Review of International Political Economy*, Vol. 20, no. 5 (2013): 1101- 31.

Harold James, "International Order After the Financial Crisis," *International Affairs*, Vol. 87, no. 3 (2011): 525-37.

Barry Eichengreen, "When Currencies Collapse: Will We Replay the 1930s or the 1970s?" *Foreign Affairs*, Vol. 91, no. 1 (January/February 2012): 116-34.

WEEK 7 *Regulating Global Finance*

(February 29)

Question: What kinds of institutions are needed to regulate global finance today? How should financial governance be organized: globally, nationally or in some other form? How can and should private and public authority be balanced?

Readings

Rawi Abdelal, "Writing the Rules of Global Finance: France, Europe and capital liberalization", *Review of International Political Economy*, Vol. 13, no.1 (2006): 1-27.

Geoffrey R.D. Underhill and Xiaoke Zhang, "Setting the Rules: private power, political underpinnings, and legitimacy in global monetary and financial governance", *International Affairs*, Vol. 84, no.3 (2008): 535-554.

Andrew Baker, "Deliberative Equality and the Transgovernmental Politics of the Global Financial Architecture," *Global Governance*, Vol. 15, no. 3 (2009): 195-218.

Daniel Drezner, "The System Worked: global economic governance during the great Recession," *World Politics*, Vol. 66, no. 1 (2014): 123–64.

WEEK 8 World Money, the Dollar and its Rivals

(March 7)

Question: How should we understand the politics of ‘world money’? Why is the dollar still paramount? Can it be dislodged from this position, and if so what might replace it?

Readings

Christian Thimann, “Global Roles of Currencies,” *International Finance*, Vol. 11, no. 3 (2008): 211–45.

Carla Norloff. “Dollar Hegemony: a power analysis,” *Review of International Political Economy*, Vol. 21, no. 5 (2014): 1042–70.

Kathleen McNamara, “A Rivalry in the Making? The Euro and International Monetary Power,” *Review of International Political Economy*, Vol. 15, no. 3 (2008): 439-59.

Benjamin Cohen, 2012 “The Yuan Tomorrow? Evaluating China’s Currency Internationalisation Strategy,” *New Political Economy*, Vol. 17, no. 3 (2012): 361–71.

WEEK 9 *Student Research Presentations (undergraduate students)*
(March 14)

WEEK 10 *Student Research Presentations (undergraduate students)*
(March 21)

WEEK 11 *Student Research Presentations (undergraduate/graduate students)*
(March 28)

WEEK 12 *Student Research Presentations (graduate students)*
(April 4)

Academic Accommodations

The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or pmc@carleton.ca for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your **Letter of Accommodation** at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (*if applicable*). After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website for the deadline to request accommodations for the formally-scheduled exam (*if applicable*).

For Religious Observance: Students requesting accommodation for religious observances should apply in writing to their instructor for alternate dates and/or means of satisfying academic requirements. Such requests should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but no later than two weeks before the compulsory academic event. Accommodation is to be worked out directly and on an individual basis between the student and the instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the student. Instructors and students may contact an Equity Services Advisor for assistance (www.carleton.ca/equity).

For Pregnancy: Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete a *letter of accommodation*. Then, make an appointment to discuss your needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.

Plagiarism: The University Senate defines plagiarism as “presenting, whether intentional or not, the ideas, expression of ideas or work of others as one’s own.” This can include:

- reproducing or paraphrasing portions of someone else’s published or unpublished material, regardless of the source, and presenting these as one’s own without proper citation or reference to the original source;
- submitting a take-home examination, essay, laboratory report or other assignment written, in whole or in part, by someone else;
- using ideas or direct, verbatim quotations, or paraphrased material, concepts, or ideas without appropriate acknowledgment in any academic assignment;
- using another’s data or research findings;
- failing to acknowledge sources through the use of proper citations when using another’s works and/or failing to use quotation marks;
- handing in “substantially the same piece of work for academic credit more than once without prior written permission of the course instructor in which the submission occurs.

Plagiarism is a serious offence which cannot be resolved directly with the course’s instructor. The Associate Deans of the Faculty conduct a rigorous investigation, including an interview with the student, when an instructor suspects a piece of work has been plagiarized. Penalties are not trivial. They may include a mark of zero for the plagiarized work or a final grade of “F” for the course.

Student or professor materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

Submission and Return of Term Work: Papers must be submitted directly to the instructor according to the instructions in the course outline and will not be date-stamped in the departmental office. Late assignments may be submitted to the drop box in the corridor outside B640 Loeb. Assignments will be retrieved every business day at **4 p.m.**, stamped with that day's date, and then distributed to the instructor. For essays not returned in class please attach a **stamped, self-addressed envelope** if you wish to have your assignment returned by mail. Final exams are intended solely for the purpose of evaluation and will not be returned.

Grading: Standing in a course is determined by the course instructor, subject to the approval of the faculty Dean. Final standing in courses will be shown by alphabetical grades. The system of grades used, with corresponding grade points is:

Percentage	Letter grade	12-point scale	Percentage	Letter grade	12-point scale
90-100	A+	12	67-69	C+	6
85-89	A	11	63-66	C	5
80-84	A-	10	60-62	C-	4
77-79	B+	9	57-59	D+	3
73-76	B	8	53-56	D	2
70-72	B-	7	50-52	D-	1

Approval of final grades: Standing in a course is determined by the course instructor subject to the approval of the Faculty Dean. This means that grades submitted by an instructor may be subject to revision. No grades are final until they have been approved by the Dean.

Carleton E-mail Accounts: All email communication to students from the Department of Political Science will be via official Carleton university e-mail accounts and/or cuLearn. As important course and University information is distributed this way, it is the student's responsibility to monitor their Carleton and cuLearn accounts.

Carleton Political Science Society: The Carleton Political Science Society (CPSS) has made its mission to provide a social environment for politically inclined students and faculty. Holding social events, debates, and panel discussions, CPSS aims to involve all political science students at Carleton University. Our mandate is to arrange social and academic activities in order to instill a sense of belonging within the Department and the larger University community. Members can benefit through numerous opportunities which will complement both academic and social life at Carleton University. To find out more, visit <https://www.facebook.com/groups/politicalsciencesociety/> or come to our office in Loeb D688.

Official Course Outline: The course outline posted to the Political Science website is the official course outline.