

**PSCI 4805A/5802F**  
**Political Economy of Global Finance**  
Mondays 8:35a.m.-11:25a.m.  
Please confirm location on Carleton Central

**Instructor:** Supanai Sookmark  
**Office:** C662 Loeb  
**Office Hours:** Monday 1-3 pm. or by appointment  
**Phone:** 613-520-2600 ext. 1426 (no voicemail)  
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**Course Description:** This course examines the working and organization of monetary and financial system at the global level from the perspective of political economy. It is designed to familiarize students with different theoretical approaches to global finance, its history and evolution, and the various themes and debates that occupy the attention of experts and practitioners in the field. These themes include the role and authority of the state in global finance, the role of international financial institutions, financial liberalization and its impact on developing countries, causes and implications of financial crises, global financial governance, global finance and development, and the recent financial crisis and the global financial architecture. By the end of the course, students should develop critical knowledge of the above subject matter, deepen their understanding in certain areas/topics of global finance through their research, and be able to extend their understanding to contemporary global financial issues.

**Textbooks:** There are no required textbooks for this course. Photocopies of required readings that are drawn from books are placed in a folder in the Political Science Department's resource room (C666 Loeb). Readings that are journal articles can be accessed through the Library's electronic journals.

**Course Format:** Weekly seminars are held from 8:35 to 11:25. Except for the first week, which is an introductory session, each seminar consists of a brief introduction by the instructor, short presentations of the required readings by designated students, a brainstorming session for seminar themes and questions, and class discussion.

**Evaluation:** Students will be evaluated based on their seminar participation, two small reaction papers, and one research paper. Marks are assigned as follows.

Seminar participation	20%
Reaction papers	30% (15% each)
Research paper (Dec. 7)	50%

**Participation:** Seminar participation will be evaluated based on 1) attendance, 2) weekly seminar assignments, and 3) good-quality contributions in class discussions. Weekly

seminar assignments (twice for each student) include a short presentation of the required reading(s) and preparing stimulating questions to be asked in the seminar. Students will be asked to sign up for their weekly assignment during the first class. A good-quality contribution should reflect students' knowledge and critical understanding of the reading materials. Accordingly, it is mandatory to complete all required readings and give them a careful thought before coming to class.

**Reaction Papers:** Students will write **two short (3-4 pages for PSCI 4805A and 4-5 pages for PSCI 5802F, double-spaced)** papers on two of the weekly topics of their choice. The paper should outline some of the important themes or issues being addressed by the readings and provide critical reactions to them. The reactions can take the form of critiques, questions, agreements and disagreements with regard to the issue(s) at hand. Evaluation will be based on students' ability to present critical and sound arguments that reflect their good understanding of the issue. Good organization and ability to write persuasively and coherently are also expected in a good paper. This assignment is due the following week after the selected topic has been discussed in class. To receive early feedback (before **November 6<sup>th</sup>**), students are strongly encouraged to write their first reaction paper on the topics of week 2-5.

**Research Paper:** Students will write a longer research paper (**20 pages for PSCI 4805A, 25 pages for PSCI 5802F, double-spaced**) based on a topic directly related to the themes and issues of the course. The due date is **December 7th**. Students are required to submit a proposal (1-2 pages) for their paper (topic, tentative arguments, and potential sources of reference) to be approved by the instructor no later than **November 16th**. The research paper will be graded based on the quality of research, critical and coherent thesis, well-substantiated arguments, and good organization.

**Paper Submission and Late Paper Policy:** All assignments (hard copies) must be submitted to the instructor in class on the due date. Late papers are to be put in the drop box of the Political Science Department (located outside B640 Loeb Building—note that only papers submitted by 4 p.m. are date-stamped with that day's date). Late assignments will be penalized by half a letter grade per day (from B to B-).

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## **Seminar Topics and Readings**

**Week 1 (Sep. 14)      Introduction**

**Week 2 (Sep. 21)      Understanding Global Finance: Contending Perspectives**

*Required*

\*Susan Strange, "The Structure of Finance in the World System", in Roger Tooze

and Christopher May (eds.), *Authority and Markets: Susan Strange's Writings on International Political Economy*, Houndmills, Basingstoke, and Hampshire: Palgrave, 2002.

- \*Jonathan Kirshner, "Money is Politics," *Review of International Political Economy*, Vol. 10, No. 4, (2003), pp. 645-60.
- \*Benjamin Cohen, "Balance-of-Payment Financing: an Evolution of a Regime," *International Organization*, Vol. 36, No. 2, (1982), pp. 457-478.
- \*Thomas Friedman, *The Lexus and the Olive Tree*, New York: Anchor Books, 2000, chapter 7. (The Electronic Herd)

### *Supplementary*

Susan Strange, "Finance, Information, and Power", in Roger Tooze and Christopher May (eds.), *Authority and Markets: Susan Strange's Writings on International Political Economy*, Houndmills, Basingstoke, and Hampshire: Palgrave, 2002.

Eric Helleiner, "Structural Power in International Monetary Relations," *EUI Working Papers*, RSCAS No. 2005/10. Can be accessed through the course WebCT.

Adam Harmes, "Institutional Investors and the Reproduction of Neoliberalism," *Review of International Political Economy*, Vol. 5, No. 1, (1998), pp. 92-121.

Tony Porter, *Globalization and Finance*, Cambridge: Polity Press, 2005, chapter 2.

## **Week 3 (Sep. 28) History of International Monetary/Financial System I: Period of Gold Standard, Interwar years, and the Great Depression**

### *Required*

- \*Benjamin Cohen, *Organizing the World's Money*, New York: Basic Books, 1977, pp. 75-89.
- \*Barry Eichengreen, *Golden Fetters: The Gold Standard and the Great Depression, 1919-1939*, Oxford: Oxford University Press, 1992, pp. 3-26.
- \*Charles Kindleberger, *The World in Depression 1929-1939*, Berkeley: University of California Press, 1986, chapter 14.

### *Supplementary*

Marcello de Cecco, *Money and Empire: The International Gold Standard, 1890-1914*, chapter 6-7.

Beth Simmons, *Who Adjusts?: Domestic Sources of Foreign Economic Policy during the Interwar Years*, Princeton: Princeton University Press, 1994, chapter 2.

Kenneth Oye, *Economic Discrimination and Political Exchange*, Princeton: Princeton University Press, 1992, chapter 6.

Beth Simmons, "Why Innovate? Founding the Bank for International Settlements," *World Politics*, Vol. 45, No. 3, (1993), pp. 361-405.

**Week 4 (Oct. 5) History of International Monetary/Financial System II: Bretton Woods System, Its rise and fall, and the Globalization of Finance**

*Required*

- \*Benjamin Cohen, *Organizing the World's Money*, New York: Basic Books, 1977, pp. 89-107.
- \*John Gerard Ruggie, "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order," *International Organization*, Vol. 36, No. 2, (1982), pp. 375-415.
- \*Eric Helleiner, *State and the Reemergence of Global Finance*, Ithaca: Cornell University Press, 1994, chapter 4.
- \*Susan Strange, *Mad Money*, Ann Arbor: University of Michigan Press, 1998, chapter 3.

*Supplementary*

- Rawi Abdelal, "Writing the Rules of Global Finance: France, Europe and Capital Liberalization," *Review of International Political Economy*, Vol. 13, No. 1, (2006), pp. 1-27.
- Barry Eichengreen, *Globalizing Capital*, Princeton: Princeton University Press, 2008, chapter 4.
- Michael Webb, "Understanding Patterns of Macroeconomic Policy Co-ordination in the Post-War Period, in Richard Stubbs and Geoffrey Underhill (eds.), *Political Economy and the Changing Global Order*, New York: St. Martin Press, 1994.

**Week 5 (Oct. 19) Global Finance and the State I: Is the State in Decline?**

*Required*

- \*Eric Helleiner, "Explaining the Globalization of Financial Markets: Bringing the State Bank in," *Review of International Political Economy*, Vol. 2, No. 2, (1995), pp. 315-341.
- \*Ethan Kapstein, *Governing the Global Economy: International Finance and the State*, Cambridge: Harvard University Press, chapter 3.
- \*Layna Mosley, "Room to Move: International Financial Markets and National Welfare States," *International Organization*, Vol. 54, No. 4, (2000), pp. 737-773.
- \*Geoffrey Underhill, "Global Money and the Decline of State Power," in Thomas

Lawton, James Rosenau, and Amy Verdun, (eds.), *Strange Power*, Aldershot: Ashgate, 2000.

*Supplementary*

- Louis Pauly, "Capital Mobility, State Autonomy, and Political Legitimacy", *Journal of International Affairs*, Vol. 48, no. 2, (1995), pp. 269-388.
- Timothy Sinclair, "The Infrastructure of Global Governance: Quasi-Regulatory Mechanism and the New Global Finance," *Global Governance*, Vol. 7, (2001), pp. 441-451.

**Week 6 (Oct. 26) Global Finance and the State II: Politics of Central banking, Exchange Rate Regimes, and Macroeconomic Policy**

*Required*

- \*Sylvia Maxfield, *The Gatekeeper of Growth: the International Political Economy of Central Banking in Developing Countries*, Princeton: Princeton University Press, 1997, chapter 3.
- \*John Goodman, "The Politics of Central Bank Independence," *Comparative Politics*, Vol. 23, No. 3, (1991), pp. 329-349.
- \*Greta Krippner, "The Making of US Monetary Policy: Central Bank Transparency and the Neoliberal Dilemma," *Theory and Society*, Vol. 36, No. 5, (2007), pp. 477-513.
- \*J. Lawrence Broz and Jeffrey Frieden, "The Political Economy of International Monetary Relations," *Annual Review of Political Science*, Vol. 4, (2001), pp. 317-343.

*Supplementary*

- Michael Webb, "Understanding Patterns of Macroeconomic Policy Co-ordination in the Post-War Period, in Richard Stubbs and Geoffrey Underhill (eds.), *Political Economy and the Changing Global Order*, New York: St. Martin Press, 1994.
- John Goodman and Louis Pauly, "The Obsolescence of Capital Controls? Economic Management in an Age of Global Markets," *World Politics*, Vol. 46, No. 1, (1993), pp. 50-82.
- Eric Helleiner, "The Southern Side of Embedded Liberalism: The Politics of Postwar Monetary Policy in the Third World," in Jonathan Kirshner (ed.), *Monetary Order; Ambiguous Economics, Ubiquitous Politics*, Ithaca: Cornell University Press, 2003.
- Ethan Kapstein, "Between Power and Purpose: Central Bankers and the Politics of Regulatory Convergence," *International Organization*, Vol. 46, No. 1, (1992), pp. 265-287.

## **Week 7 (Nov. 2) International Financial Institutions and their Critics**

### *Required*

- \*Ngairé Woods, *The Globalizers*, Ithaca: Cornell University Press, 2006, chapter 3.
- \*David Rapkin and Jonathan Strand, "Reforming the IMF's Weighted Voting System," *The World Economy*, Vol. 29, No. 3, (2006), pp. 305-323.
- \*Alan Meltzer, "A Blueprint for IMF Reform: More than just a lender," *International Finance*, Vol. 10, No. 2 (2007), pp. 153-175.
- \*Joseph Stiglitz, "Democratizing the International Monetary Fund and the World Bank: Governance and Accountability," *Governance*, Vol. 16, No. 1, (2003), pp. 111-139.

### *Supplementary*

- Joseph Stiglitz, *Globalization and Its Discontents*, New York: W.W. Norton, 2002, chapter 1.
- Ann Krueger, "Conflicting Demands on the IMF," *American Economic Review*, Vol. 90, No. 2, pp. 38-42.
- Paul Blustein, *The Chastening*, New York: Public Affairs, 2001, chapter 2.
- Ngairé Woods and Domenico Lombardi, "Uneven Pattern of Governance: How Developing Countries are Represented in the IMF," *Review of International Political Economy*, Vol. 13, No. 3, (2006), pp. 480-515.

## **Week 8 (Nov. 9) Financial Deregulation and Developing Countries**

### *Required*

- \*Stenphan Haggard and Sylvia Maxfield, "The Political Economy of Financial Internationalization in the Developing World," *International Organization*, Vol. 50, (1996), pp. 35-68.
- \*Sylvia Maxfield, "Capital Mobility and Democratic Stability," *Journal of Democracy*, Vol. 11 no. 4, 2000, pp. 95-106.
- \*Meredith Woo-Cumings, "Slouching toward the Market: The Politics of Financial Liberalization in South Korea," in Michael Loriaux et al, *Capital Ungoverned: Liberalizing Finance in Interventionist States*, Ithaca: Cornell University, 1997.
- \*Benjamin Cohen, "Capital Controls: the Neglected Option," in Geoffrey Underhill and Xiaoke Zhang, *International Financial Governance under Stress*, Cambridge: Cambridge University Press, 2003.

### *Supplementary*

- Robert Wade, "Choking the South," *New Left Review*, Vol. 38, March/April, 2006.
- George Shambaugh, "The Power of Money: Private Capital and Policy Preferences in Newly Emerging Market Economies," *American Journal of Political Science*, Vol. 48, No. 2, (2004).
- Jagdish Bhagwati, "The Capital Myth," *Foreign Affairs*, Vol. 77, No. 3, (1998), pp. 7-12.

## **Week 9 (Nov. 16) Understanding Financial Crises**

### *Required*

- \*Charles Kindleberger and Robert Aliber, *Mania, Panic, and Crashes: a History of Financial Crises*, 5<sup>th</sup> edition, 2005, chapter 2.
- \*Lawrence Summers, "International Crises: Causes, Prevention, and Cures," *American Economic Review*, Vol. 90, No. 2, (2000), pp. 1-16.
- \*Robert Wade and Frank Veneroso, "The Asian Crisis: The High Debt Model Versus The Wall Street-Treasury-IMF Complex," *New Left Review* I/228, March-April 1998, pp. 3-22.
- \*Andrew MacIntyre, "The Politics of the Economic Crisis in Southeast Asia," *International Organization*, Vol. 55, No. 1, (2001).
- \*Pasuk Phongpaichit and Chris Baker, "Crisis Consequences: Lessons from Thailand," in Geoffrey Underhill and Xiaoke Zhang, *International Financial Governance under Stress*, Cambridge: Cambridge University Press, 2003.

### *Supplementary*

- Cameron Maxwell and Vinod Aggarwal, "Mexican Meltdown: States, Markets, and Post-NAFTA Financial Turmoil," *Third World Quarterly*, Vol. 17, No. 5 (1996), pp. 975-987.
- Martin Wolfson, "Neo-Liberalism and the International Financial Instability," *Review of Radical Political Economics*, Vol. 32, No. 3, (2000), pp. 369-378.
- Barry Eichengreen, "Historical Research on International Lending and Debt," *Journal of Economic Perspectives*, Vol. 5, No. 2, (1991), pp. 149-169.
- Miles Kahler, "Politics and International Debt: Explaining the Crisis," *International Organization*, Vol. 39, No. 2, (1995), pp. 357-382.

**Week 10 (Nov. 23) Global Financial Governance: Cooperation, Crisis Management, and Democratization**

*Required*

- \*Randall Germain, "Global Financial Governance and the Problem of Inclusion," *Global Governance*, Vol. 7, No. 4, (2001), pp. 411-421.
- \*Andrew Baker, "Global Monitor: The Group of 7," *New Political Economy*, Vol. 13, No. 1, (2005), pp. 103-115.
- \*Susanne Soederberg, "On the Contradictions of the New International Financial Architecture: Another Procrustean Bed Emerging Markets?," *Third World Quarterly*, Vol. 23, no. 4, 2002, pp. 607-620.
- \*Geoffrey Underhill and Xiaoke Zhang, "Setting the Rules: Private Power, Political Underpinning, and Legitimacy in Global Monetary and Financial Governance," *International Affairs*, Vol. 84, No. 3, (2008), pp. 535-554.

*Supplementary*

- Jennifer Amyx, "What Motivates Regional Financial Cooperation in East Asia Today?" *Asia Pacific Issues*, No. 76, (2005), pp. 2-8. (Can be access through <https://scholarspace.manoa.hawaii.edu/bitstream/10125/3797/1/api076.pdf>)
- Tony Porter, "The Democratic Deficit in the Institutional Arrangement for Regulating Global Governance," *Global Governance*, Vol. 7, No. 4 (2001), pp. 427-439.
- Jose Antonio Ocampo, Jan Kregel, and Stephany Griffith-Jones, *International Finance and Development*, London: Zed Books, 2007, Chapter 4.

**Week 11 (Nov. 30) Global Finance and Development**

*Required*

- \*Jose Antonio Ocampo, Jan Kregel, and Stephany Griffith-Jones, *International Finance and Development*, London: Zed Books, 2007, Chapter 1.
- \*Benjamin Cohen, "Balance-of-Payment Financing: an Evolution of a Regime," *International Organization*, Vol. 36, No. 2 (1982), pp. 457-478.
- \*Jeffrey Frieden, "Third World Indebted Industrialization: International Finance and State Capitalism in Mexico, Brazil, Algeria, and South Korea," *International Organization*, Vol. 35, no 2, 1981, pp. 407-31.
- \*Barry Eichengreen and Albert Fishlow, "Contending with Capital Flows: What is Different about the 1990?" in Miles Kahler (ed.), *Capital Flows and Financial Crises*, Manchester: Manchester University Press, 1998.

*Supplementary*



- Jeffry Frieden, "International Investment and Colonial Control: A New Interpretation," *International Organization*, Vol. 48, No. 4, (1994), pp. 559-593.
- Quan Li and A. Resnick, "Reversal of Fortunes: Democratic Institutions and Foreign Direct Investment Inflows to Developing Countries," *International Organization*, Vol. 57, No. 1, (2003), pp. 175-211.
- Stephan Haggard and Sylvia Maxfield, "Political Explanations of Financial Policy in Developing Countries," in Stephan Haggard, Chung H. Lee, and Sylvia Maxfield, (eds.), *The Politics of Finance in Developing Countries*, Ithaca: Cornell University Press, 1993.

## **Week 12 (Dec. 7) Recent Financial Crisis and the Global Financial Architecture**

### *Required*

- \*John Bellamy Foster, "The Financialization of Capital and the Crisis," *Monthly Review*, Vol. 59, No. 11 (2008), pp. 1-19.
- \*Jonathan Kirschner, "Dollar Primacy and American Power: What's at stake?" *Review of International Political Economy*, Vol. 15, No. 3, 2008.
- \*Dani Rodrik, "The Social Cost of Foreign Exchange Reserves," *International Economic Journal*, Vol. 20, No. 3, 2006, pp. 253-266. (Implications for developing countries' large foreign exchange reserves)
- \*Robert Wade, "A New Global Finance Architecture?" *New Left Review*, No. 46 (July-August 2007), pp. 113-129.

### Supplementary

- Ben Thirkell-White, "The International Financial Architecture and the Limits to Neoliberal Hegemony," *New Political Economy*, Vol. 12, No. 1 (2007), pp. 20-41.
- Jacqueline Best, "From the Top-Down: the New Financial Architecture and the Re-embedding of Global Finance," *New Political Economy*, Vol. 8, No. 3, (2003).

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## **Academic Accommodations**

**For students with Disabilities:** Students with disabilities requiring academic accommodations in this course must register with the Paul Menton Centre for Students with Disabilities (500 University Centre) for a formal evaluation of disability-related needs. Registered PMC students are required to contact the centre (613-520-6608) every term to ensure that the instructor receives your request for accommodation. After registering with the PMC, make an appointment to meet with the instructor in order to discuss your needs **at least two weeks before the first assignment is due or the first in-class test/midterm requiring accommodations.** If you

require accommodation for your formally scheduled exam(s) in this course, please submit your request for accommodation to PMC by **November 16, 2009 for December examinations** and **March 12, 2010 for April examinations**.

**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](http://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 include a mark of zero for the plagiarized work or a final grade of "F" for the course.

**Oral Examination:** At the discretion of the instructor, students may be required to pass a brief oral examination on research papers and essays.

**Submission and Return of Term Work:** Papers must be handed directly to the instructor 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. Please note that assignments sent via fax or email will not be accepted. Final exams are intended solely for the purpose of evaluation and will not be returned.

**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.

**Course Requirements:** Failure to write the final exam will result in a grade of ABS. FND (Failure No Deferred) is assigned when a student’s performance is so poor during the term that they cannot pass the course even with 100% on the final examination. In such cases, instructors may

use this notation on the Final Grade Report to indicate that a student has already failed the course due to inadequate term work and should not be permitted access to a deferral of the examination. Deferred final exams are available ONLY if the student is in good standing in the course.

**Connect Email Accounts:** All email communication to students from the Department of Political Science will be via Connect. Important course and University information is also distributed via the Connect email system. It is the student's responsibility to monitor their Connect account.

**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 in the after-hours academic life 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, please email [carletonpss@gmail.com](mailto:carletonpss@gmail.com), visit our website at [poliscisociety.com](http://poliscisociety.com), 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.