Professor N. Rathbun Office Hours: Thurs 12:30-2pm or by zoom appt

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**IR 329: The Global Finance and Monetary Regime**

**SPRING 2022**

**T/TH 11am-12:20pm**

**Course Description and Objectives:**

Globalization has produced unprecedented levels of both economic growth and risk. Financial markets are more open, allowing firms and governments to invest more freely. But as global finance grew larger, it also grew more complex. Faster-flowing capital is more volatile and economic risk is harder to comprehend. Regulators have struggled to keep up with evolving financial practices and technology. Due to the high level of interdependence, states need to address the new problems in a cooperative manner. This course will focus on understanding the international financial and monetary regime and its evolution and evaluating how to address the current problems facing it today. Taking a problem-based approach, we will analyze the issues involved, evaluate the international efforts made to date to address the problem, and explore new potential solutions. This course is student centered, with students responsible for researching and presenting to the class fundamental aspects of our inquiry through the group policy paper on a current international economic problem.

Students are expected to have a good grounding in economics and international political economy. **Microeconomics and macroeconomics and/or IR 213 are *strongly* recommended to enroll in this course**.

**Learning Objectives:**

Students participating in this course will:

* Evaluate, critique, and synthesize knowledge from theoretic and empirical studies of the international finance and monetary regime drawn from both international relations and economics disciplines;
* Advance research and writing skills through small and building written assignments, both individual and in a group, through the policy project;
* Advance professional cooperation & communication skills through group work on policy project;
* Enhance their appreciation of diverse perspectives through a deeper understanding of the impact of international finance on different states and populations;
* Reflect critically on international finance and monetary policies in theory and practice;
* Develop professional skills relevant to careers in business, finance, development, government, non-governmental organizations and beyond.

**Course Requirements and Grading:**

**Participation 10%**

**Reading Response Posts 15%**

**Midterm 25%**

**Policy Project 50%**

-- Individual Data Research Analysis 10%

--Draft Group Policy Paper 10%

-- Individual Critiques 5%

--Presentation 10%

--Final Group Policy Paper 15%

**Participation:**

Students are expected to attend class synchronously and should come prepared to participate actively in class discussions. A mix of lecture and discussion, and the Socratic method will be employed. **If you miss class you can attend by zoom. If you are sick and cannot attend/zoom, you can receive full credit for participation if you email the professor a 1 page reflection on your summary of the class material** (emailed to the professor within a week of the absence). Attendance is not sufficient to do well, but must be partnered with active participation in class. This includes clarifications & questions as well as comments, following the classroom norms explained below. To prepare for class discussion, **at least 7 times** in the semester (out of 13 opportunities), students will write a substantial 2 paragraph reading response (300-500 words) on at least two of the readings for the week’s topic **DUE 10am BEFORE the first CLASS on the TOPIC** either Tuesday or Thursday (considering their relationship to one another, to other readings in the class or other classes) and post it to the appropriate Blackboard discussion link. These are not simply summaries, but require engagement with important arguments/facts and making connections. These will be graded on a 1-4 scale. Additional responses can be written to upgrade previous responses.

**Assignments & Exams:**

Each student is also required to complete a midterm and a policy project with both individual and group portions. The **midterm** will be **take-home** provided on **March 3rd, due March 11th at 11:59PM** on Blackboard Turnitin.

**Policy Project:**

A guide to the policy project and all grading rubrics are provided on Blackboard under Assignments. The **data research analysis (individually or groups of 2)** for the policy projectwill be **due February 26th** (via Blackboard Turnitin) and should be shared with group members. See Blackboard for the rubric for the individual data research analysis. The **draft policy papers** (in groups of 4-5) will be **due April 10th** **at 11:59pm** (via Blackboard Turnitin AND discussion board thread). See Blackboard for the policy paper rubric. The class will read each of the group policy papers and **critique their assigned policy paper, due** **April 17th at 11:59pm** (via Blackboard discussion board thread responses). See Blackboard for the critique assignment rubric. The groups will **present their findings in class April 26th and 28th** and respond to critiques in the last week of classes before re-writing for **final submission on May 10th at 1pm** (via Blackboard Turnitin). See Blackboard for presentation rubric. Students will complete self and peer evaluations of their group members due at the time of the final policy paper submission. Group grades may be modified to reflect consensus evaluations.

Students must complete these requirements by the deadlines stated in the syllabus. Students will also receive periodic reminders of due dates and standards. Please leave sufficient time to upload documents to Blackboard Turnitin, which takes several minutes. Please keep records of confirmation of uploads. Deadlines must be met; except for documented emergencies, missed presentations will not be made up and late papers will be penalized (one-half grade per day).

**Communication & Feedback:**

Students are expected and encouraged to meet with the Professor in groups and individually throughout the semester. Email is the preferred method of contact for students wishing to schedule meetings/ask simple questions. The Professor will respond to all email within 48 hours (except over weekends and holidays). Students are expected to use formal professional writing in all written communication. Student feedback is always desired throughout the semester. A mid-semester anonymous course evaluation will be provided for student feedback.

Learning Experience Evaluations will be conducted in class in the final week of classes. Learning Experience Evaluations are your opportunity to provide feedback to your instructor. USC and its faculty take these evaluations very seriously, as they provide valuable information that faculty and schools can use to improve teaching. It is important to remember that the learning process is collaborative and requires significant effort from the instructor, individual students, and the class as a whole. Please provide a thoughtful assessment of your experience, as well as of your own effort, with comments focused on specific aspects of instruction or the course. Comments on personal characteristics of the instructor are not appropriate and will not be considered. Evaluations should be completed individually with no undue influence by either a student or instructor. Should any inappropriate behavior occur, it will be reported to the Office of Institutional Research.

**Grade Conversion Scale:**

Course final grades will be determined using the following scale:

**A 94-100**

**A- 90-93**

**B+ 87-89**

**B 83-86**

**B- 80-82**

**C+ 77-79**

**C 73-76**

**C- 70-72**

**D+ 67-69**

**D 63-66**

**D- 60-62**

**F 59 and below**

**Grading and Correction of Grades:**

Please USC Dornsife Policies for Registration, Withdrawal, Grading, and Correction of Grades, located at <https://dornsife.usc.edu/usc-policies/>.

**Required Readings:**

Eichengreen (2019) *Globalizing Capital: A History of the International Monetary System*, (**3rd Edition**) Princeton U. Press **[AVAILABLE FROM USC LIBRARY AS AN EBOOK]**

Reinhart and Rogoff (2009) *This Time It is Different: Eight Centuries of Financial Folly*, Princeton U. Press **[AVAILABLE FROM USC LIBRARY AS AN EBOOK]**

All the other readings will be posted on blackboard. Students are expected to complete the assigned readings in a timely fashion. We will discuss the readings in class. Do not get behind in your reading, as it will be difficult to catch up.

In addition to the reading materials on the syllabus, all students are expected to keep abreast of the daily news by reading a serious newspaper since this class will address pressing current international economic issues (e.g. *The Financial Times, The Economist, The New York Times, Washington Post, Wall Street Journal, LA Times*). These can be accessed through the library website or in paper copies in the libraries (Business library for the *FT* and *WSJ*). Students are expected to base their comments on current events on facts from the course materials or credible sources.

**Statement on Classroom Norms:**

Students are expected to conduct themselves in class and in all communications in a respectful, professional and appropriate manner. While students may disagree on policy issues related to the course material, students are always expected to behave in a manner that is inclusive of all perspectives and backgrounds. This course requires students to work together closely for the group policy paper. Students are expected to communicate and meet with their fellow students outside of class in a timely, respectful, professional and appropriate manner. Students will engage in self and peer evaluation for the group project, which will include an evaluation of the manner of communication. Students are expected to engage in active learning throughout the class and prepare adequately to fully participate in the policy project.

**COURSE OUTLINE AND READINGS**

1. **History of International Monetary Relations**

**Jan 11, 13 Introduction and Recap of Macroeconomics**

Cohen, Benjamin J. "International Finance." In *Handbook of International Relations*, edited by Walter Carlsnaes, Thomas Risse, and Beth A. Simmons. Thousand Oaks, CA: Sage Publications, 2002: 429-447.

**Jan 18, 20 Development of Gold Standard and its Demise**

Eichengreen, ch 1-2.

**Jan 25 Interwar Years and the Great Depression**

Eichengreen ch. 3.

**Jan 27 Bretton Woods Regime**

Eichengreen ch. 4

1. **Financial Crises History**

**Feb 1, 3 Conceptualization and History of Different Types of Crises**

Reinhart & Rogoff, part I, chs. 1-3, chs. 4-6

Cohen, Daniel. 2008. “Towards a New Modus Operandi of the International Financial System.” In *The Washington Consensus Reconsidered* ed by. Narcis Serra and Joseph Stiglitz (Oxford University Press).

Lipson, Charles. 1985. "Bankers' Dilemmas: Private Cooperation in Rescheduling Sovereign Debts." *World Politics* 38:1, pp. 200-225.

**Feb 8, 10 Anatomy of a Crisis and History of Financial Crises**

Kindleberger, Charles. 1978. *Manias, Panics, and Crashes: a History of Financial Crises*. Revised ed. New York: Basic, pp. 16-39, 77-85, 240-242.

Reinhart and Rogoff, part IV, chs. 10-12

1. **The Impact of Globalization**

**Feb 15 Post-Bretton Woods System**

Eichengreen, chs. 5-6

**Feb 17, 22 Changing Role of the IMF**

Lipscy, Phillip and Haillie Na-Kyung Lee. 2019. “The IMFAs a Biased Global Insurance Mechanism: Asymmetrical moral Hazard, Reserve Accumulation, and Financial Crises.” *International Organization* 73: 35-64.

Nelson, Stephen. 2014. “Playing Favorites: How Shared Beliefs Shape the IMF’s Lending Decisions.” *International Organization* 68: 297-328.

Grabel, Ilene. 2014. “The rebranding of capital controls in an era of productive incoherence.” *Review of International Political Economy.* 21(1): 7-43.

Gould, Erica R. 2003. "Money Talks: Supplementary Financiers and International Monetary Fund

Conditionality." *International Organization57:3*: 551-571, skim 572-581.

**Feb 24, Mar 1 Capital Markets & Financialization**

Brender and Pisani. 2010. *Global Imbalances and the Collapse of Globalised Finance*. Brussels: Center for European Policy Studies, ch. 1, 6.

Bussiere, Matthieu, Julia Schmidt, Natacha Valla. 2016. “International Financial Flows in the New Normal: Key Patterns (and Why We Should Care).” *European Investment Bank Working Papers*: 1-25 (\*\*Note page numbers)

Eichengreen, ch. 7, pp. 236-243\*\*\*\*\*\*\*

Kalyanpur, Nikhil and Abraham Newman. 2019. “Mobilizing Market Power: Jurisdictional Expansion as Economic Statecraft.” *International Organization* 73: 1-34.

**---------- Individual Data Research Analysis Papers DUE February 26th MIDNIGHT----------**

1. **The Global Finance Regime and Development**

**Mar 3, 8 Impact of Openness & Liberalization on Growth & Development**

Moran, Theodore, Edward Graham, and Magnus Blomstrom. 2005. *Does Foreign Investment Promote Development?* Washington D.C.: Institute for International Economics, ch. 2, 14.

Haggard, Stephan and Sylvia Maxfield. 1996. "The Political Economy of Financial Internationalization in the Developing World." *International Organization* 50(1): 35-68.

Gallagher, Kevin. 2015. “Countervailing monetary power: Re-regulating capital flows in Brazil and South Korea.” *Review of International Political Economy* 22 (1): 77-102.

Wibbels, Erik. 2006. "Dependency Revisited: International Markets, Business Cycles, and Social Spending in the Developing World." *International Organization* 60(2): 433-468.

**Mar 10 Role of International Financial Institutions in Development**

Eichengreen, ch. 8

Vreeland, James. 2007. "The IMF and Economic Development." In *Reinventing Foreign Aid*, edited by

William Easterly. Princeton: Princeton University Press.

**------------------------------Midterm Mar 3rd-11th DUE Mar 11th------------------------**

1. **Current Issues and Institutional Reform**

**Mar 22, 24 The Great Contraction (or the Great Recession)**

Eichengreen, ch. 7, pp. 216-223\*\*\*\*

Reinhart & Rogoff part V, chs. 13-16

Nelson, Stephen & Peter Katzenstein. 2014. “Uncertainty, Risk, and the Financial Crisis of 2008.” *International Organization* 68: 361-92.

Dunaway, Steven. 2009. "Global Imbalances and the Financial Crisis." *Council on Foreign Relations Center for Geoeconomic Studies Special Report* 44.

Krugman, Paul. 2009. *The Return of Depression Economics: and the Crisis of 2008*. New York: W.W.Norton: pp. 60-100.

**Mar 29, 31 Capital Market & Banking Regulation**

Simmons, Beth.  2001.  “The International Politics of Harmonization: The Case of Capital Market Regulation.” *International Organization*. 55(3):589-620.

Singer, David. 2007. *Regulating Capital: Setting Standards for the International Financial System*. New York: Cornell University Press, ch. 3, 4.

Basel III rules readings

Thiemann, Matthias. 2014. “In the Shadow of Basel: How Competitive Politics Bred the Crisis.” *Review of International Political Economy* 21(6): 1203-39.

Baker, Colleen, Christine Cummings & Julapa Jagtiani. 2017. “The impacts of financial regulations: solvency and liquidity in the post-crisis period.” *Journal of Financial Regulation and Compliance* 25:3, 253-270.

Botes, Jacques, Aidan Lawson, Vasily Pozdyshev & Rastko Vrbaski. 2021. “Managing banking crises in emerging market economies.” *FSI Insights on policy implementation* No. 38, pp. 1-18\*\* (skim the response sections 18-35, if interested).

**Apr 5 European Sovereign Debt Crises**

Eichengreen, ch. 7, pp. 223-236\*\*\*\*

Hoeing, Oliver & Tobias Kunstein 2019. “Political Science and the Eurozone Crisis. A Review of Scientific Journal Articles 2004-15.” *Journal of Common Market Studies* 57(2): 298-310.

Frieden, Jeffrey & Stefanie Walter 2017. “Understanding the Political Economy of the Eurozone Crisis.” *Annual Review of Political Science* 20:371-86.

**---------- Draft Policy Memos DUE April 10th ----------**

**Apr 7, 12 FinTech, BlockChain & StableCoin Functions & Issues**

Eichengreen, ch. 7, pp. 243-246\*\*\*\*\*\*

Yeoh, Peter. 2017. “Regulatory issues in blockchain technology.” *Journal of Financial Regulation and Compliance* 25:2, 196-208.

Zetzsche, Dirk, Douglas Arner & Ross Buckley. 2020. “Decentralized Finance.” *Journal of Financial Regulation* 6:2, pp. 172–203

President’s Working Group on Financial Markets, the FDIC, and the Office of the Comptroller of the Currency. 2021. “Report on Stablecoins.” 1-21.

Muzinich, Justin. 2021. “America’s Crypto Conundrum: Protecting Security Without Crushing Innovation.” *Foreign Affairs* 100:6, 129-141.

**Apr 14 Terrorist Financing & Money Laundering**

Teichman, Fabian & Marie-Christin Falker. 2020. “Money laundering via underground currency exchange networks.” *Journal of Financial Regulation and Compliance* 27:1

Teichmann, Fabian. 2019. “Recent trends in money laundering and terrorism financing.” *Journal of Financial Regulation and Compliance* 27:1, 2-12.

**---------- Critiques DUE on Draft Policy Memos April 17th ----------**

**Apr 19, 21 Covid-19 Crisis Response & Macroeconomic Issues**

Mosser, Patricia. 2020. “Central bank responses to COVID-19.” *Business Economics* 55, 191-201.

Cavallino, Paolo & Fiorella De Fiore. 2020. ”Central bank’s response to COVID-19 in advanced economies.” *BIS Bulletin No. 21*, 1-6.

Aguilar, Ana & Carlos Cantu. 2020. “Monetary policy response in emerging market economies: why was it different this time?” *BIS Bulletin No. 32*, 1-6.

**Apr 26, 28 Policy Prescriptions and Critiques of Policy Memos**

Read policy memos

**---------- Final Policy Memos DUE May 10th ----------**

**Statement on Academic Conduct and Support Systems**

**Academic Conduct:**

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Part B, Section 11, “Behavior Violating University Standards” [policy.usc.edu/scampus-part-b](https://policy.usc.edu/scampus-part-b/). Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct, [policy.usc.edu/scientific-misconduct](http://policy.usc.edu/scientific-misconduct).

**Support Systems:**

*Counseling and Mental Health - (213) 740-9355 – 24/7 on call*

[studenthealth.usc.edu/counseling](https://studenthealth.usc.edu/counseling/)

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

*National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call*

[suicidepreventionlifeline.org](http://www.suicidepreventionlifeline.org/)

Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

*Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-9355(WELL), press “0” after hours – 24/7 on call*

[studenthealth.usc.edu/sexual-assault](https://studenthealth.usc.edu/sexual-assault/)

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

*Office of Equity and Diversity (OED) - (213) 740-5086 | Title IX – (213) 821-8298*

[equity.usc.edu](https://equity.usc.edu/), [titleix.usc.edu](http://titleix.usc.edu)

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

*Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298*

[usc-advocate.symplicity.com/care\_report](https://usc-advocate.symplicity.com/care_report/)

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office of Equity and Diversity |Title IX for appropriate investigation, supportive measures, and response.

*The Office of Disability Services and Programs - (213) 740-0776*

[dsp.usc.edu](http://dsp.usc.edu/)

Support and accommodations for students with disabilities. Services include assistance in providing readers/notetakers/interpreters, special accommodations for test taking needs, assistance with architectural barriers, assistive technology, and support for individual needs.

*USC Campus Support and Intervention - (213) 821-4710*

[campussupport.usc.edu](https://campussupport.usc.edu/)

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

*Diversity at USC - (213) 740-2101*

[diversity.usc.edu](https://diversity.usc.edu/)

Information on events, programs and training, the Provost’s Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

*USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call*

[dps.usc.edu](http://dps.usc.edu/), [emergency.usc.edu](http://emergency.usc.edu/)

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

*USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call*

[dps.usc.edu](http://dps.usc.edu/)

Non-emergency assistance or information.

*Office of the Ombuds - (213) 821-9556 (UPC) / (323-442-0382 (HSC)*

[ombuds.usc.edu](https://ombuds.usc.edu/)

A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.