

# International Relations 329: The Global Financial and Monetary Regime

## Fall 2024

**Instructor:** Dr. Victoria Chonn-Ching

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**Days:** Tu and Th, 11:00 a.m.–12:20 p.m.

**Office hours:** T, 9:00 – 10:00 a.m.; Th, 1:00 – 2:00 p.m.

**Class location:** DMC 152

**Office location:** DMC 354

**Additional office hours** (online): The days may change on a weekly basis. Check the following link for availability and to book your appointment: <https://victoriaccusc.youcanbook.me>.



Source: The Federal Reserve Bank of New York

### **COURSE OVERVIEW**

Globalization has produced unprecedented levels of economic growth and risk. Firms and governments can invest more freely as financial markets are more open. However, faster-flowing capital is more volatile, and economic risk is harder to understand. Regulators have struggled to keep up with evolving financial practices. 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 in the 20<sup>th</sup> and 21<sup>st</sup> centuries. We will evaluate today's challenges—are they that different from those in the past?—and how we can address them by taking a problem-based approach. Students are expected to critically analyze diverse issues regarding monetary and financial systems, their socio-economic and political impact and implications.

Students are responsible for actively engaging and participating in class. This includes completing the assigned reading material before every lecture and contributing to the corresponding activities and discussions in class. Students are recommended to be familiar with international political economy (e.g., some grounding in microeconomics and macroeconomics and/or IR 213 are strongly recommended).

The learning objectives of this class include:

OBJECTIVES	ASSESSMENT
<ul style="list-style-type: none"> <li>- 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.</li> </ul>	<p>Weekly individual in-class participation and small and building written assignments, both individual and in a group.</p>
<ul style="list-style-type: none"> <li>- Advance their research and writing skills and their professional cooperation and communication skills.</li> </ul>	
<ul style="list-style-type: none"> <li>- Enhance their appreciation of diverse perspectives through a deeper understanding of the impact of international finance on different states and populations.</li> <li>- Reflect critically on international finance and monetary policies in theory and practice.</li> </ul>	<p>Students' midterm, position paper, and final exam.</p>
<ul style="list-style-type: none"> <li>- Develop professional skills relevant to careers in business, finance, development, government, non-governmental organizations and beyond.</li> </ul>	

### COURSE REQUIREMENTS

Students are expected to complete all required readings prior to each lecture and actively participate in class. All assignments and examinations should be submitted according to the specified deadlines. In case there are any emergencies and/or issues that could interrupt their timely submission, students should talk to me in advance to make the corresponding arrangements; otherwise, the assigned penalty for late submission will be applied.

The following books are required and can be accessed via the USC Library and/or Brightspace. All other materials are available via Brightspace and/or online using the links provided.

- Eichengreen, Barry (2008). *Globalizing Capital: A History of the International Monetary System* (2<sup>nd</sup> Edition), Princeton University Press.
- Reinhart, Carmen and Kenneth Rogoff (2009). *This Time It is Different: Eight Centuries of Financial Folly*, Princeton University Press.

### GRADE COMPONENTS

Class engagement	10%
Reflection memos (2)	25%
Position paper	25%

Midterm exam (in-person, in-class)	20%
Final exam (take home—48 hours to be completed)	20%

As indicated on the table, your grade will be based on:

### 1. Class engagement (10%)

Students are expected to read each week’s assigned materials and contribute to class discussions. This class is designed such that lectures will involve students’ participation and engagement. Students also have the option to contribute online by using the Discussion Board in Brightspace.

### 2. Reflection memos (25%)

Students will write two reflection memos. The first memo must be submitted by **February 13, by 11:59 p.m.** and the second reflection memo will be submitted by **March 27, by 11:59 p.m.** These memos will help students develop and practice critical assessment skills by requiring the analysis of two to three readings from class. For instance, for memo one, students can examine any readings that have been done before February 13.

When writing these memos students should make sure to include the following:

- a) Identify, examine, and compare the main points in each reading. What are they talking about and how do these readings connect or “talk” to each other?
- b) Assess the arguments and evidence each reading uses. What kind of information do these readings use? Are they comparable with each other? Is one stronger and/or weaker than the other?
- c) What are the implications of certain events and/or policies? What is the socio-economic and political impact.
- d) What are some unknowns in these readings—That is, what questions are left unanswered for you and why answering it is important?

These memos should be 3-4 pages long, 1-inch margins, 12-point Times New Roman or Cambria, double-spaced. The objective is to showcase students’ critical understanding and examination of the readings. **No artificial intelligence (AI) software (e.g., ChatGPT, Google Gemini, OpenAI, etc.) can be used for this paper.** Any violation will be reported to the Office of Academic Integrity.

Distribution of points for the reflection memos:

Points	Description
< 10	Reflection is unclear and needs work—it does not show critical analysis of the readings.
10 – 12	Student only provides a summary with some descriptions and facts, showcasing some understanding of the material. There is no analysis or critical assessment of the issues presented in the readings.

12 – 13.5	Student provides detailed summaries and descriptions of the issues and/or readings, offering minimal analysis. There is some analysis of the material, but the assessment is superficial.
13.5 – 15	Student provides a critical assessment of the reading by clearly presenting the main arguments and issues, comparing them when applicable, and examines the effects and implications of the information provided, the strengths and weaknesses of the points raised, and potential concerns when applicable and relevant. Student also includes a discussion of the impact and/or implications of the issues and policies presented in the readings.

### 3. Position paper (25%)

The position paper will be due on **April 17 by 11:59 p.m. (PST)**. A guide with more details will be posted in February in Brightspace under Assignments. This position paper involves the examination of a financial crisis and/or event and how it has impacted the international monetary and financial systems. **No AI software can be used for this paper.** Any violation will be reported to the Office of Academic Integrity.

### 4. In-class midterm (20%)

The midterm will take place on **March 11** during class time. No make-up exams will be given. Exceptions may only be possible when arrangements are made with the professor prior to the test date or in the case of an excusable emergency (according to USC's guidelines of what constitutes as justifiable). Any forgery of documents will be reported to the Office of Academic Integrity.

### 5. Take home final exam (20%)

The prompts/questions for the final exam (paper/long answer format) will be provided on May 1 or May 2. Students will have about 48 hours to complete the exam. This means that the take home exam should be submitted by **May 4, 11:59 p.m.** No late submissions will be accepted. Students can use their class notes and readings. However, **no AI software can be used for the exam.** Any violation will be reported to the Office of Academic Integrity and the exam will be given a failing grade.

## GRADING SCALE

The grading scale for this class is as follow:

A	95-100	C	73-76
A-	90-94	C-	70-72
B+	87-89	D+	67-69
B	83-86	D	63-66
B-	80-82	D-	60-62
C+	77-79	F	59 and below

## CLASS POLICIES

### MAKE-UP REQUIREMENTS

There will be **no make-up assignments and tests for unexcused absences**. Acceptable excuses, which include medical, family, or other emergencies and official university-related business, must be provided to me in writing in advance to be considered. Students who are unable to complete a requirement for legitimate reasons that do not qualify as excused under university guidelines, and who provide notification may, at my discretion, complete a requirement belatedly. Any requirement turned in on after the deadline will incur a penalty of **1/3 of your grade per day late**. ***Submissions after one week from the original deadline will not be accepted and will be assigned a grade of zero.***

### GRADING POLICY

Students may contest the grade on an exam and/or assignment due to clerical error up to one week after it is returned. Students will need to submit a written description of the error they believe occurred along with the exam and/or assignment. Clerical mistakes will be corrected, and the corresponding partial credit will be provided. Keep in mind that this process does not guarantee the grade to go up. In addition, everything submitted by students is graded according to the criteria and rubric provided for each assignment; thus, requests for regrading that are not due to clerical error will not be accepted.

### E-MAIL POLICY

Students are expected to send respectful and complete email messages. I will address you with courtesy and respect, thus students should write back in a similar fashion. I will try to reply to students' messages in a timely manner. Please allow a wait-period of 48 hours after you send a message for me to email back. I will try my best to respond as soon as I see your messages.

## CLASS SCHEDULE

This is subjected to change at the instructor's discretion. Students will be informed accordingly. Some readings can be longer than others, so prepare accordingly.

When reading, pay attention to the main arguments and questions that the authors are emphasizing and do not delve into every single detail. Instead, what do they tell us about the finance and monetary structures at the time (or now)? What is the context of certain policies and their immediate and subsequent impact? Why does it matter?

#### **Jan 14: No readings. Introduction**

#### **Jan 16: The international monetary system vs. The international financial system, and the Role of new technologies**

- Financial Stability Board (FSB). “Crypto-assets and Global ‘Stablecoins’”. Available at <https://www.fsb.org/work-of-the-fsb/financial-innovation-and-structural-change/crypto-assets-and-global-stablecoins/>
- Fosler, Gail (2011). “International Monetary System vs. International Financial System—and the Significance for Policy Makers, published by Chatman House.
- International Monetary Fund (IMF) (2022). “Crisis Upon Crisis—IMF Annual Report 2022.” Read part one only (pp. 7-25).
- Nakamoto, Satoshi (2018). “Bitcoin: A Peer-to-Peer Electronic Cash System,” Bitcoin.org.

#### **Jan 21: The development of international finance**

- Edwards, Andrew, Fabian Steininger and Andrea Giorgio Tosato (2018). “The Era of Chinese Global Hegemony: Denaturalizing Money in the Early Modern World”, *L'Atelier du Centre de Recherches Historiques*, published 21 February 2018. Available at <https://journals.openedition.org/acrh/8076>
- The Economist (2008). “Link by link; A short history of modern finance”, pp. 79-81.
- Tomz, Michael (2012). “International Finance,” *Handbook of International Relations*, edited by Walter Carlsnaes, Thomas Risse, and Beth A. Simmons., Sage Publications, pp. 692-719.

#### **Jan 23: It all starts with gold: The gold standard**

- Eichengreen, chapter 2: The Gold Standard, pp. 6-41.

#### **Jan 28: The new gold standard and the Great Depression**

- Eichengreen, chapter 3: Interwar Instability, pp. 43-89.

#### **Jan 30: The Bretton Woods regime**

- Eichengreen, chapter 4: The Bretton Woods System, pp. 91-132

#### **Feb 4: Post-Bretton Woods: A fragmented international financial system?**

- Müller, János and Adám Kerényi (2024). “The Challenges of Fragmentation of the International Financial System – Towards a Brave New World Order?” *Financial and Economic Review*, Vol. 23, Issue 2, pp. 131-155.
- Obstfeld, Maurice and Alan M. Taylor (2017). “International Monetary Relations: Taking Finance Seriously,” *Journal of Economic Perspectives*, Vol. 3, No. 3, pp. 3-28.

#### **Feb 6: A variety of financial crises**

- Reinhart and Rogoff, chapters 1-3.

**Feb 11: Debt crises**

- Reinhart and Rogoff, chapters 4-5.

**Feb 13: Banking crises and defaults**

- Reinhart and Rogoff, chapters 6, 10.

**REFLECTION MEMO 1 DUE BY 11:59 P.M. (PST)****Feb 18: Inflation and currency crashes**

- Reinhart and Rogoff, chapters 11-12.

**Feb 20: Choosing exchange rates**

- Eichengreen, chapter 5: After Bretton Woods.

**Feb 25: Exchange rates in emerging economies**

- Calvo, Guillermo A. and Frederic S. Mishkin (2003). "The Mirage of Exchange Rate Regimes for Emerging Market Countries", *Journal of Economic Perspectives*, Vol. 17, No. 4, pp. 99-118.
- Wang, Jian (2008). "Why Are Exchange Rates So Difficult to Predict?" *Insights from the Federal Reserve Bank of Dallas*, Vol. 3, No. 6, pp. 1-8.

**Feb 27: Resetting the monetary system**

- Eichengreen, chapter 6: A Brave New Monetary World.

**March 4: Changing the role of the International Monetary Fund (IMF)?**

- Ocampo, José Antonio (2017). "Chapter 5: Resolution of Balance-of-Payment Crises—Emergency Financing and Debt Workouts," in *Resetting the International Monetary (Non)System*.
- Nelson, Stephen C. 2014. "Playing Favorites: How Shared Beliefs Shape the IMF's Lending Decisions." *International Organization*, Vol. 68, pp. 297-328.

**March 6: Global Imbalances**

- Dunaway, Steven (2009). "Global Imbalances and the Financial Crisis." *Council on Foreign Relations, Center for Geoeconomic Studies*, Special Report 44.
- Obstfeld, Maurice and Kenneth Rogoff (2010). "[Global Imbalances and the Financial Crisis: Products of Common Causes](#)" in *Asia and the Global Financial Crisis*, edited by Reuven Glick and Mark M. Spiegel, Asia Economic Policy Conference, San Francisco, CA: Federal Reserve Bank of San Francisco.

**Midterm: March 11 in-person****March 13: Workshop on how to write a position paper**

## **March 16 – March 23: Spring recess**

### **March 25: Depression economics is back**

- Reinhart and Rogoff, chapters 13-14.

### **March 27: Contagion**

- Kohn, Donald and Brian Sack (2018). “Responding to the global financial crisis. What we did and why we did it”, discussion paper September 11-12, published by *Brookings*.
- Reinhart and Rogoff, chapter 15.

## **REFLECTION MEMO 2 DUE BY 11:59 P.M. (PST)**

### **April 1: Finance and development**

- Gallagher, Kevin (2015). “Countervailing monetary power: Re-regulating capital flows in Brazil and South Korea.” *Review of International Political Economy*, Vol. 22, No. 1, pp. 77-102.
- Wibbels, Erik (2006). "Dependency Revisited: International Markets, Business Cycles, and Social Spending in the Developing World." *International Organization*, Vol. 60, No. 2, pp. 433-468.

### **April 3: The role of financial institutions in development**

- Spiegel, Shari (2023). “Fixing the global financial system,” *SDG Action*. Available at <https://sdg-action.org/fixing-the-global-financial-system/>
- World Bank Group (2021). “A Changing Landscape: Trends in Official Financial Flows and the Aid Architecture.

### **April 8: Regulating financial structures**

- Simmons, Beth A. (2001). “The International Politics of Harmonization: The Case of Capital Market Regulation”, *International Organization*, Vol. 55, No. 3, pp. 589-620.
- Thiemann, Matthias (2014). “In the Shadow of Basel: How Competitive Politics Bred the Crisis.” *Review of International Political Economy*, Vol. 21, No. 6, pp. 1203-39.

### **April 10: Reforming monetary system**

- Ocampo, José Antonio (2017). “Chapter 6: The Governance of the International Monetary System” (skim) and “Chapter 7: Reforming the (Non)System)”, in *Resetting the International Monetary (Non)System*.

### **April 15: New players in the game**

- Broz, Lawrence, Zhiwen Zhang and Gaoyang Wang (2020). “Explaining Foreign Support for China’s Global Economic Leadership,” *International Organization* No. 74, pp. 417-52.
- Runde, Daniel F. (2023). “International Financial Institutions in an Era of Great Power Competition.” Statement before the House Financial Services Subcommittee on National Security, Illicit Finance, and International Financial Institutions.



**April 17: No class.** Please work on finalizing your paper during this time if you haven't done so already at this point.

**POSITION PAPER DUE BY 11:59 p.m.**

**April 22: Finance and Technology**

- Gorton, Gary B. and Jeffery Y. Zhang (2021). "Taming Wildcat Stablecoins," *90 University of Chicago Law Review* 909.
- Runde, Daniel F., Romina Bandura, and Sundar R. Ramanujam (2019). "The Role of Development Finance Institutions in Enabling the Technology Revolution, CSIS Briefs (skim this reading).

**April 24: Regulating crypto-assets**

- "IMF-FSB: Synthesis Paper: Policies for Crypto-Assets" published by the International Monetary Fund and the Financial Stability Board, 2023.

**April 22: Monetary policy in the 21<sup>st</sup> century**

- BIS Annual Economic Report 2024. "Monetary policy in the 21<sup>st</sup> century: lessons learned and challenges ahead".
- English, Bill, Kristin Forbes, Angel Ubide (2024). "Monetary policy responses to the post-pandemic inflation: Challenges and lessons for the future," *CEPR.org*. Available at <https://cepr.org/voxeu/columns/monetary-policy-responses-post-pandemic-inflation-challenges-and-lessons-future>

**May 1: What to expect (or not) under Trump 2.0**

- "The economic & regulatory implications of Trump's 2024 election victory," Reuters, published November 2024. Available at <https://www.thomsonreuters.com/en-us/posts/government/trump-economic-regulatory-implications/>
- Crawford, John (2017). "Lesson Unlearned: Regulatory Reform and Financial Stability in the Trump Administration," *Columbia Law Review Online*, Vol. 117, pp. 127-143.
- Michael, Norbert (2024). "Reserve Optimism for Financial Regulation Under Trump 2.0," CATO Institute. Available at <https://www.cato.org/commentary/reserve-optimism-financial-regulation-under-trump-20>

**Take home exam will be distributed by May 2 as the latest and it will be due May 4 via Brightspace by midnight (11:59 p.m. Pacific Time).**

## **UNIVERSITY POLICIES**

### **ACADEMIC INTEGRITY**

The University of Southern California is foremost a learning community committed to fostering successful scholars and researchers dedicated to the pursuit of knowledge and the transmission of ideas. Academic misconduct is in contrast to the university's mission to educate students through a broad array of first-rank academic, professional, and extracurricular programs and includes any act of dishonesty in the submission of academic work (either in draft or final form).

This course will follow the expectations for academic integrity as stated in the [USC Student Handbook](#). All students are expected to submit assignments that are original work and prepared specifically for the course/section in this academic term. You may not submit work written by others or "recycle" work prepared for other courses without obtaining written permission from the instructor(s). Students suspected of engaging in academic misconduct will be reported to the Office of Academic Integrity.

Other violations of academic misconduct include, but are not limited to, cheating, plagiarism, fabrication (e.g., falsifying data), knowingly assisting others in acts of academic dishonesty, and any act that gains or is intended to gain an unfair academic advantage.

Academic dishonesty has a far-reaching impact and is considered a serious offense against the university. Violations will result in a grade penalty, such as a failing grade on the assignment or in the course, and disciplinary action from the university itself, such as suspension or even expulsion.

For more information about academic integrity see the [student handbook](#) or the [Office of Academic Integrity's website](#), and university policies on [Research and Scholarship Misconduct](#).

Please ask your instructor if you are unsure what constitutes unauthorized assistance on an exam or assignment or what information requires citation and/or attribution.

### **STUDENTS AND DISABILITY ACCOMMODATIONS:**

USC welcomes students with disabilities into all of the University's educational programs. [The Office of Student Accessibility Services](#) (OSAS) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible as accommodations are not retroactive. More information can be found at [osas.usc.edu](https://osas.usc.edu). You may contact OSAS at (213) 740-0776 or via email at [osasfrontdesk@usc.edu](mailto:osasfrontdesk@usc.edu).

## **FINANCIAL AID AND SATISFACTORY ACADEMIC PROGRESS**

To be eligible for certain kinds of financial aid, students are required to maintain Satisfactory Academic Progress (SAP) toward their degree objectives. Visit the [Financial Aid Office webpage](#) for [undergraduate](#)- and [graduate-level](#) SAP eligibility requirements and the appeals process.

## **SUPPORT SYSTEMS**

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

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

[988 Suicide and Crisis Lifeline](#) - 988 for both calls and text messages – 24/7 on call

The 988 Suicide and Crisis Lifeline (formerly known as the National Suicide Prevention Lifeline) provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week, across the United States. The Lifeline consists of a national network of over 200 local crisis centers, combining custom local care and resources with national standards and best practices. The new, shorter phone number makes it easier for people to remember and access mental health crisis services (though the previous 1 (800) 273-8255 number will continue to function indefinitely) and represents a continued commitment to those in crisis.

[Relationship and Sexual Violence Prevention Services \(RSVP\)](#) - (213) 740-9355(WELL) – 24/7 on call

Free and confidential therapy services, workshops, and training for situations related to gender- and power-based harm (including sexual assault, intimate partner violence, and stalking).

[Office for Equity, Equal Opportunity, and Title IX \(EEO-TIX\)](#) - (213) 740-5086

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) 740-2500

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

[The Office of Student Accessibility Services \(OSAS\)](#) - (213) 740-0776

OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.

[USC Campus Support and Intervention](#) - (213) 740-0411

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

[Diversity, Equity and Inclusion](#) - (213) 740-2101

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

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) 442-1200 – 24/7 on call

Non-emergency assistance or information.

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

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.

[Occupational Therapy Faculty Practice](#) - (323) 442-2850 or [otfp@med.usc.edu](mailto:otfp@med.usc.edu)

Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.

#### ADDITIONAL SUPPORT FOR STUDENTS

Many USC schools provide support for students who need help with scholarly writing. Check with your advisor or program staff to find out more. Some helpful centers and institutes are:

- The American Language Institute (<https://ali.usc.edu/>), which sponsors courses and workshops specifically for students whose native language is not English and may need support.
- The Office of Disability Services and Programs (<https://osas.usc.edu/>), which provides certification for students with disabilities and helps arrange the relevant accommodations. The student is responsible for submitting the necessary certification forms to the professor during the first two weeks of class.
- If an officially declared emergency makes travel to campus infeasible, USC Emergency Information (<http://emergency.usc.edu>) will provide safety and other updates, including ways in which instruction will be continued by means of blackboard, teleconferencing, and other technology.

## RESOURCES FOR STUDENTS

### 1. Some guiding questions to read critically:

- What is the article's/book's main argument?
- Why is it important? (e.g., why should we care about what the author or authors are writing about?)
- What kind of evidence or how do the authors support their argument(s)?
  - o Is it good or valid evidence? Is it strong or weak?
  - o Are there any inconsistencies or issues that are not properly addressed?
- How does the article or book contribute to the study of what we're interested in?
- How does it compare with other scholarship about the topic we're interested in and what we have learned about thus far in class?
- What are some weaknesses you can identify? Can those weaknesses be resolved or addressed by other authors or scholarship we have learned in class?
- What is the article's/book's conclusion? What can we learn from it?

### 2. More resources on how to write a paper:

- Purdue Online Writing Lab:  
[https://owl.purdue.edu/owl/general\\_writing/common\\_writing\\_assignments/research\\_papers/index.html](https://owl.purdue.edu/owl/general_writing/common_writing_assignments/research_papers/index.html) (there are also resources on how to cite in this website).
- USC Libraries Research Guides: <https://libguides.usc.edu/writingguide> (I'd recommend talking to the librarian as well. He can be a great resource in finding sources).