INTS 4320
INTERNATIONAL MONETARY RELATIONS

Course Description and Learning Objectives:

The subject of this course is the theory, policy, political economy, and history of the international organization of money and finance. International financial theory or "open economy macroeconomics" is based mainly on macroeconomic tools of analysis. For this reason, a familiarity with Macroeconomic Theory is a prerequisite for this course. At the least, all students must have successfully completed at the undergraduate level a course in Introductory Macroeconomics, International Economics, or Principles of Economics. Open economy macroeconomics deals with balance of payment and exchange rate dynamics in an open world economy, as well as with the effectiveness of (and constraints on) macroeconomic policy under conditions of globalization and floating exchange rates. In addition to studying the formal theory of open economy macroeconomics, we will examine the history and political economy of international financial regimes. Here we will focus on the effects of international financial arrangements on investment, unemployment, inflation, income distribution, and class conflict in advanced capitalist economies and, through international financial arrangements, on developing economies as well.

We will also place the theoretical issues raised in the course in the context of three contemporary debates in international monetary relations. The class will have the option of selecting to focus the final three weeks of the course on any three of the following eight issues. (Readings for all eight issues are provided below in section III. of the course outline in order to aid in your decision, and to serve as a reference for those topics that we will not cover this term.) The eight issues are as follows: the debate over the causes and consequences of the global financial crisis; the global crisis and the rise of ‘financial pluripolarity’ and new (developmental) financial architectures; the global crisis, US monetary power, and the role of the dollar; the rise of capital controls and currency interventionism during the global crisis; the IMF (and the World Bank): governance, power, policy practice, and the possible futures of these institutions; the Eurozone crisis; the internationalization and role of the (Chinese) RMB and China’s role in the global financial architecture; and the implications for monetary policy, financial stability, and financial regulation of cryptocurrencies.

Students who apply themselves to the materials in this course should acquire a capacity to understand the historical evolution, workings, and problems associated with today’s US dollar-denominated international monetary system. Students should attain an understanding of the following areas: the workings of fixed, pegged, and dirty float exchange rate regimes; the debate over the determinants of exchange rates; the effects of monetary and fiscal policies on exchange rates; the effects of exchange rates on trade performance, economic growth, debt-service costs, and international relations; and the distributional implications of exchange rates. Students should understand the key institutions of the international monetary system, particularly the roles played by and the relationships among central banks, governments (especially Treasury Departments/Finance Ministries), multilateral financial institutions (especially the IMF), multilateral organizations, networks, and arrangements (such as the European Union, the Chiang Mai Initiative Multilateralisation, the G20, etc.), sovereign wealth funds, and institutional investors. Students
should understand the origin and significance of critical international monetary problems (such as financial, banking and exchange rate fragility, capital flight, coordination failures, liquidity crises, currency misalignments, and global imbalances). Students should also be able to understand the economic and political logic of diverse positions taken in contemporary debates concerning international monetary problems and policy dilemmas (e.g., what are the implications for the US and the global economy of the move toward more contractionary monetary policy on the part of advanced economies). My hope is that upon completing the course students will be able to participate intelligently in discussions of current and future policy challenges in the area of international monetary affairs.

**Course Material:** The following three books will be used extensively in the course and are available at the bookstore:


Some of you may benefit from a basic reference volume on the global financial system. Note that there will be no assigned readings from these reference volumes (and hence, purchase is optional). I have not ordered them at the bookstore, but you can surely find them on line. The Lanchester book is discursive in nature, while the Valdez and the Oxford Dictionary are traditional encyclopedia/dictionary formats.


**How to obtain other readings for the course:**

Aside from the material in the books that you will be purchasing, you can obtain the required readings from a few different locations: some readings are available in Canvas (these are in the “Resources for class” folder within the “Modules” tab in Canvas—these items are marked with C on the course outline), and some can be accessed by clicking on the “Persistent Link” that appears on the course outline (these items are marked with PL). Please note that you can also find many of the readings on your own by using Jstor, Goldrush or Article Finder (on the Anderson website), Google, or Google Scholar. Please plan for problems with Canvas and Persistent Links—this means that you should obtain course materials well in advance of the time that a particular reading has been assigned. *If a persistent link/Canvas is not functioning or if you have trouble downloading an item from Canvas, please first try to obtain the reading on your own using Google/Google Scholar/ Goldrush/Jstor/Article Finder or other resources available through the Anderson Academic Commons website.*
Note that optional readings are not available through Canvas (but of course you may find many of them on your own).

**Policy on classroom use of electronics and recording devices:**

Evidence shows that students who bring laptops, tablets or other electronic devices to class earn lower grades, learn less, and participate far less effectively than students who do not. Moreover, using a device for purposes unrelated to the course distracts other students (and me). Moreover, even when tablets or laptops are used for purposes related to the course, the constant sound of keys tapping interferes with the concentration of others in the course.

*Computers (laptops or tablets) may not be used in the course.* (Students with a physical disability that prevents them from taking notes during the seminar using a pen and paper should see me.) Students should bring pen and paper to class for the purposes of taking notes, and it is advisable to bring hard copies of the required readings to class (along with your notes/questions on the readings in hard copy form). This class may not be recorded and **cellphones must, of course, be turned off before class begins.**

**Data and News Sources on International Finance:**

1. The IMF's publication, IMF Survey, is an invaluable resource. The publication is posted on the IMF’s website, www.imf.org. Data on aggregate, regional and countrywide financial sector and macroeconomic performance are presented in International Financial Statistics (IMF/World Bank). This volume is published annually and is kept in the Reference section of Anderson (call number is--HJ8899.W672). The IMF’s quarterly publication, World Economic Outlook, provides a survey and analysis of key trends in the global financial system. The World Bank’s Global Economic Prospects and Global Development Horizons are also useful publications. IMF and World Bank publications are available on the institutions’ websites. The IMF’s quarterly publication, Finance and Development, is a useful resource on financial policy issues in the developing country context.

2. The IMF’s Balance of Payments Statistics Yearbook presents detailed data on the balance of payments.


4. Cross-national macroeconomic data can be found in Main Economic Indicators, published by the Organization for Economic Cooperation and Development www.oecd.org

5. The May issue of the US Commerce Department’s Survey of Current Business summarizes US international transactions for the preceding year (see www.stat-usa.gov or www.doc.gov).


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provide the best newspaper coverage and opinion analysis of international monetary issues. The Economist
magazine is also an excellent news source, and you should consider reading it regularly.

Grading:

Course grades will be determined by two factors: exams (90% of grade) and participation in class
discussions (10% of grade). There will be three exams; the first exam will account for 25% of the course
grade, and the second and third exams will each account for 32.5% of the course grade. Note that students
have the option of skipping the first exam – for students that make this choice, exams two and three will
each account for 45% of the course grade (and the remaining 10% of the course grade will come from
participation in class discussions). (See the documents “Guidance on writing and grading” and “Discussion
of some commonly used terms in graded papers” in Canvas for the further discussion of grading.)

The exams will be distributed in class (see course outline below for distribution and due dates) and
must be returned to me in class. Absolutely no extensions will be given on any of the three exams. You may
use your own notes in preparing this exam, but you may not talk with any of your colleagues about the exam
once it has been distributed. Please note that numerical (rather than letter) grades are assigned to all exams,
and grades on exams can range from zero to one hundred.

The remaining 10% of the grade will come from your participation in class discussions, particularly
those held during the final third of the course. Please note that this component of your grade is a function of
the quality (and not the quantity) of your contributions to discussion.

Preparation for class each week:

All readings not marked as optional are required for the course. You should read them in the order
that they appear on the course outline. All reading should be completed prior to the class meeting. Note that
some readings are more difficult than others; you may need to read some works several times in order to
gain a good understanding of them.

You will notice that there are a lot of readings marked as “optional” under the heading for
each topic covered in the course. These readings are intended for those students (a.) interested in learning
more about a particular topic, (b.) researching an MA thesis, special research paper, or Ph.D. dissertation
and (c.) for Ph.D. students preparing for the comprehensive exams. The latter group would be well advised
to read most of the optional readings when preparing for their comprehensives.

COURSE OUTLINE

The global financial system: An overview of key issues, debates, and problems (1 session) {Course
meeting on: Tuesday, Sept. 11}

Note: There are no required readings for the first meeting of the course. However, attendance at this
meeting is critical. I will be delivering a lecture during our first meeting that provides an overview of the
key issues, debates, and policy challenges confronting international monetary policymakers. This material

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will provide the context for the subject matter to be discussed for the rest of the term. (We will also, of course, discuss the specifics of the course, e.g., requirements.) In order to set the context for our study this term, you may wish to begin reading regularly some of the news sources mentioned in ##1 and #8 (under the heading above “Data and News Sources on International Finance”), particularly the IMF Survey, Finance and Development, The New York Times business section, the Financial Times and/or The Economist. You might also wish to take a look at the optional readings in the Introduction folder in Canvas—there you will find a collection of news stories on recent developments in the global monetary system. If you have purchased the (optional) book by John Lanchester, How to Speak Money, you may wish to skim it as well.

I. The evolution of the international monetary system: The political economy of international financial regimes (2 sessions; 1 session on A. and one session on B.)

How did the international monetary system come to be organized around the US dollar? Why are currencies no longer convertible to gold? Why are currency values in most countries largely determined by market forces instead of having values that are fixed or pegged by governments? What can we learn about debates and challenges in today’s international monetary system by considering a period of relative international monetary stability (i.e., the classical gold standard era) and a period of chaos and inter-country conflict (i.e., the interwar era)?

A. The classical gold standard (1870-1914) and the interwar period (1918-1939) {Course meeting on: Tuesday, Sept. 18}

Classical gold standard:

Why do we see a global convergence around gold-based currencies and fixed exchange rates in the later half of the 19th century? Why was the British pound sterling the world’s key currency at this time? What set of (domestic and international) economic and political conditions facilitated the operation of the classical gold standard? How well did this system operate across a number of dimensions? Why did this system eventually collapse? What lessons can we take from the operation of the classical gold standard for contemporary calls to link currencies to gold and/or to stabilize exchange rates through some type of pegged system?


Note: if you are asking yourself, “why am I reading about gold-based monetary systems in 2018,” then you may want to have a look now at the folders in Canvas that contain several short articles written in the last several years concerning a return to some type of gold standard.2

2 You might find this interview and podcast of interest in connection with contemporary discussion of a return to some type of gold standard (http://www.npr.org/2017/06/26/534406765/one-nation-under-gold-explores-americas-obsession-with-one-precious-metal


Karl Polanyi, chapters 2, 16 & 17, The Great Transformation, Boston: Beacon Press, 1944. (OPTIONAL)

Ronald McKinnon, “The Rules of the Game: International Money in Historical Perspective,” Journal of Economic Literature, XXXI, March 1993, pp. 1-44. This reading is relevant to sections II.A-II.D. of the course. (OPTIONAL)


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The interwar period:

Why was the gold-exchange standard so short-lived, and why was the interwar monetary system characterized by such high levels of instability? Why were competitive currency devaluations so problematic? What is the relevance of the interwar experience for contemporary debates over "multipolarity" in the global financial system? Is the "currency war"3 that we are witnessing today an analogue of the competitive currency devaluations of the interwar period?


Karl Polanyi, chapters 17-19, The Great Transformation, Boston: Beacon Press, 1944. (OPTIONAL)


The two readings below provide an overview and critical assessment of hegemonic stability theory:


3 Here I am borrowing a phrase from Brazil’s former Finance Minister, Guido Mantega.

B. Bretton Woods (1944-1971) and the dirty float (1971/3-Present)  
{Course meeting on: Tuesday, Sept. 25}

Bretton Woods:

To what extent does the Bretton Woods international monetary system reflect an effort to build on the positive and negative experiences of the classical gold standard and the interwar eras? What economic and political conditions facilitated the operation of the post-war global monetary system? In what ways do we see “embedded liberalism” and Keynesianism reflected in the operating principles of domestic and international financial markets during this era? Why were capital controls such a central feature of the post-war global monetary system? What role did the US, the US dollar, and the newly-founded International Monetary Fund (IMF) play in the success and ultimate collapse of the Bretton Woods system? What features of the Bretton Woods system remain in place today? What policy lessons can we draw from the post-war monetary system? Why did many policymakers call for a “New Bretton Woods” during the global financial crisis of 2008-?

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Eric Helleiner, Forgotten Foundations of Bretton Woods: International Development and the Making of the Postwar Order, Ithaca: Cornell University Press, 2014. The entire book is well worth reading, particularly for students interested in the role of developing economies in global financial governance. But if you only have time to read part of the book, read the introduction, chs. 1, 6, 7, 9 and the conclusion. (OPTIONAL)

The dirty float (1971/3-present):

How did the collapse of the Bretton Woods system usher in the era of the dirty float and the liberalization of international capital flows? In what ways did changes in ideas (by economists and policymakers) facilitate the rise of the dirty float and capital flow liberalization? What has kept the dirty float system operating over the last several decades? Should we take seriously contemporary calls to recast the global monetary system around gold or some other anchor? What does international monetary history suggest about the longevity of
the dollar as the world's key international reserve currency? This latter question is something that we will continue to reflect upon over the course of the term.


If you haven’t done so already, please read the collection of short articles (in Canvas) concerning a return to a gold standard (see also fn3).

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C. Randall Henning, Chs. 2-3, Currencies and Politics in the United States, Germany and Japan (Institute for International Economics, 1994). (OPTIONAL)


EXAM 1*: DISTRIBUTED ON TUESDAY, SEPTEMBER 25. HARD COPY OF THE EXAM IS DUE AT THE START OF CLASS ON TUESDAY, OCTOBER 2.

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* The exam is a “take home” essay. Students will be required to write an essay of up to 2100 words in response to one question that I pose on the material covered in section I of the course.
II. International Financial Theory/Open-economy Macroeconomics (4 sessions; 1 session on each of the topics listed below as A.-D.)

Note: Omit the appendices in Krugman & Obstfeld.

A. The rules and political economy of balance of payments accounting (Course meeting on: Tuesday, Oct. 2)

What are the key types of transactions recorded in the current and the capital and financial accounts of the balance of payments? What can we learn about a nation’s economy by examining various components of and historical trends in its balance of payments position? Are deficits in a country’s current account always bad? How credible are balance of payments data?


Cheryl Payer, "How to Read a Balance of Payments Table," page 4-middle of page 12, in C. Payer, The Debt Trap: The IMF and the Third World (Monthly Review, 1974). (Note: Compare the way in which Payer and the text explain the position of the "investment income" item on balance of payments tables. Attention should also be paid to the way in which Payer discusses "reading" a balance of payments table.) [C]


*Note: you can find the US’ BOP data at http://www.bea.gov/international/index.htm#bop and BOP data for all IMF member countries at http://www.bea.gov/international/index.htm#bop.

B. Exchange rate determination and dynamics: The neoclassical view (class meeting on: Tuesday, Oct. 9)

From a neo-classical perspective, what determines the value of a country’s currency (i.e., its exchange rate)? (Note that the neo-classical perspective on exchange rates is also known as the orthodox view, the monetary theory of exchange rate determination, and the economic factors view.) From a neo-classical perspective, what causes the exchange rate to change? What is overshooting in currency markets, what causes it, and is it a serious problem for policymakers (or is it merely an “intra-day phenomenon,” per John Rutledge)? Are currency markets “efficient” (in the sense that the values of currencies reflect accurate
information about the true state of a country’s economy)? You may also wish to reflect on the following question this week (or certainly by next week): does the neo-classical view of exchange rate dynamics provide a good explanation of what you observe when you look at trends in some particular country’s exchange rate? E.g., China’s currency has experienced a great deal of volatility in the third quarter of 2016. What explains this volatility (fundamental factors, market psychology, market sociology, news, rumors, etc.)? The US dollar has appreciated against many currencies since the US Presidential election. Does this reflect a change in fundamental economic factors?


Christopher Neely, “Foreign Exchange Intervention in an Era of Restraint,” Federal Reserve Bank of St. Louis Review, September/October 2011, 93(5), pp. 303-24. Please SKIM this article and focus on the concrete examples of currency market intervention that are discussed. [C]

Bank for International Settlements, Triennial Central Bank Survey, Monetary and Economic Department, September 2016, see pp. 3-6 for summary data on foreign exchange market activity. [C]

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If you need a review of the mechanics of monetary policy, please consult the following (optional) source: Anthony Santomero, Federal Reserve Bank of Philadelphia Business Review Q1, 2002, pp. 1-4; website is [http://www.phil.frb.org/files/br/brq102as.pdf]. OR, review any basic (undergraduate) macroeconomics textbook.


Neil Wallace, “Why Markets in Foreign Exchange are Different from Other Markets,” Federal Reserve Bank of Minneapolis Quarterly Review, Fall 1979, 3(4), pp. 1-6. (Note: this article exemplifies the arguments made against floating exchange rates during the 1970s.) (OPTIONAL)


C. Exchange rate determination and dynamics: Non-neoclassical views {class meeting on: Tuesday, Oct. 16}

Here we look at insights into currency market dynamics that derive from non-neoclassical approaches. In chapter 12 of the General Theory, Keynes does not discuss exchange rates per se. (Rather, his examples concern stock prices.) But his landmark insights on the endogeneity of expectations, fundamental uncertainty, market psychology and market sociology, the inherent instability of financial markets and asset prices, and the macroeconomic problems that stem from financial volatility can be used to understand currency market dynamics. Skidelsky extends Keynes’ work and argues for its contemporary relevance. Lo develops a theory of adaptive markets that is very Keynesian in its flavor because of its emphasis on market psychology, market sociology, and narratives. Adam Harmes focuses on the role of institutional investors (such as pension funds, mutual funds) in driving currency market instability. Pay particular attention to his
discussion of institutional investors and overshooting. The two essays with Oberlechner as one of the authors are interesting examples of work in the behavioral economics tradition, a school of thought that often marries studies of markets with psychology, especially cognitive psychology (and sometimes neuroscience). Finally, the paper by Nelson is in the feminist economics tradition. Nelson responds to behavioral economics in regards to its assumptions about the inherent risk taking proclivities of male versus female traders. The Nelson paper also responds critically to work by other feminist economics, e.g., van Staveren. (If you get really interested in the behavioral approach, you may want to track down at Anderson the optional readings by Coates, Herbert—see below. See also the feminist treatments of the behavioral approach by Nelson and van Staveren.)

After you read these various perspectives, compare them to the neo-classical view of exchange rate determination and dynamics. See if you can answer the following questions from the perspective of each approach: Which perspective sheds more light on what you observe when you look at currency markets today (e.g., as concerns the strength of the dollar, the volatility in the RMB)? Are currency markets efficient? Are overshooting and volatility significant public policy problems? To what extent are currency markets driven by the rational decisions of wealth-maximizing investors, information about an economy’s fundamental conditions, rumor, news, market sentiment, expectations, group dynamics, and institutional power? Would you expect currency markets dominated by female traders to be as volatile as markets are presently?

Harmes, Adam, “Institutional Investors and Polanyi’s Double Movement: A Model of Contemporary Currency Crises,” Review of International Political Economy, Autumn 2001, 8(3), pp. 389-437. [C] (Please focus only on the arguments that relate to the role of institutional investors in causing ‘overshooting’ in currency markets. You may wish to read the case studies that he presents later in the course.)


Additional examples of work in the Keynesian/post-Keynesian tradition (what Hopper terms the “market sentiment” approach):
From the perspective of neo-classical theory, how does a country’s exchange rate influence its trade performance? In what ways is this view reflected in decisions made by national policymakers and advice offered by institutions like the IMF? Is there evidence that you can draw upon to support the commonly-held understanding of the link between exchange rates and trade performance? What are the implications of the J curve effect for policy? Will the US experience a J curve effect if the dollar continues to strengthen—and, if so, is this cause for concern? Is a fire sale effect something to be concerned about, say, in the case of the Brazilian real, or any of the other currencies that have been weakening of late? Could neo-classical economists have it wrong? What if (per Hossein-Zadeh) currency values do not drive trade performance, but rather trade and real sector performance influence currency values? What kind of guidance might policymakers derive from Hossein-Zadeh? If Hossein-Zadeh is correct, then why do policymakers continue to be so preoccupied with the value of their country’s currency? During the global crisis there was a great deal of conflict among policymakers about the negative trade spillover effects of weak currencies in advanced economies—was this concern warranted? Now the concern has shifted to the international spillover effects of the strong dollar—are these concerns warranted?

consider whether its predictions are relevant to today’s circumstances. Is the US likely to experience a J curve effect? Does any country’s currency seem to be heading for a fire sale or a hard landing?) IMF, Exchange Rates and Trade Flows, *IMF World Economic Outlook*, October 2015, chapter 3, pp. 105-42. [C]

Esmail Hossein-Zadeh, "Rethinking the Trade-Currency Relationship," *Challenge*, July-August 1995, pp. 55-6. [C] (Note: consider whether the arguments advanced in the article explain the currency-trade or the trade-currency relationship in any particular country today.) [C]


* Note: the issues discussed this week will also be taken up in Int’l Trade (INTS 4310).

The following three papers are classic examinations of the “J-curve” (and other negative) effects of currency depreciation on developing countries.


(OPTIONAL)

EXAM 2\textsuperscript{5} DISTRIBUTED ON TUESDAY, OCTOBER 23. HARD COPY OF THE EXAM IS DUE AT THE START OF CLASS ON TUESDAY, OCTOBER 30.

III. Contemporary Debates in International Monetary Relations

The class will have the option of selecting to focus the final three weeks of the course on any three of the seven issues listed below. We will discuss one issue from among topics A.-G. during each of the final three weeks (Tues., Oct. 30; Tues. Nov. 6; Tues. Nov. 13).

A. The debate over the causes and consequences of the global financial crisis\textsuperscript{6}

What were the chief causes of the global crisis? How do differing perspectives on the root causes of the crisis influence positions taken in debates as to what might be done to prevent another global crisis? What were the chief consequences of the global crisis for financial regulation, distribution, the role of the US financial and regulatory system as a global role model, the power of the financial community, and the operation of financial firms? What can we learn by taking a gendered perspective on the global crisis? Is there anything in the financial environment of 2018 that suggests that another global or regional crisis is possible or likely?

\textsuperscript{5} The exam is a “take home” essay. Students will be required to write an essay of up to 2100 words (plus diagrams, as appropriate) in response to one question that I pose on the material covered in section II of the course.

B. The global crisis, the emergence of “financial pluripolarity,” and new (developmental) financial
architectures

Are we observing the emergence of pluripolarity in the global financial system? If so, in what ways is pluripolarity manifesting? What are the implications of these changes for the US, the IMF, the World Bank? Do these changes really matter in terms of power and governance in the global financial system? To what extent are new financial architectures in the Global South and Global East emerging? Why might these new architectures matter from the perspective of global financial governance, financial stability and resilience, and the prospects of emerging and developing economies to achieve the sustainable development goals? What are the advantages and disadvantages of a global financial architecture in which the Bretton Woods institutions operate alongside emerging and developing economy institutions?


Ocampo, José Antonio, Resetting the International Monetary (Non)System, Oxford: Oxford University Press, 2017. Read chapter 6. [C]

Eichengreen, Barry, Regional Monetary Arrangements and the International Monetary Fund, Asian Development Bank Institute Working Paper, No. 394, April 2012. (OPTIONAL)


C. The global financial crisis, US monetary power, and the role of the dollar

Did the global crisis undermine or strengthen the US’ monetary power (i.e., the global power of the US Federal Reserve, the role of the US dollar as an international reserve asset, and the ability of US policymakers to promote financial liberalization as a global norm)? Is the US dollar likely to retain its place as the world’s international reserve currency? In what ways might the Trump administration (including the US Department of the Treasury) influence the standing and value of the US dollar? Does a stronger US dollar benefit the US economy, other advanced economies, developing and emerging economies? What happened to the idea of organizing the international currency system around a new international reserve asset (modeled on the SDR)?


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Wolf, Martin, The Shifts and the Shocks-What We’ve Learned-and have Still To Learn-From the Financial Crisis, New York: Penguin Press, 2014, chs. 6-8, conclusion. (OPTIONAL)
D. The rise of capital controls and currency interventionism during the global crisis

Why did controls over international capital movements emerge as a legitimate policy tool during the global crisis? What factors explain the rise of capital controls, and what are the economic and political costs and benefits of this tool? To what extent did currency market interventions become normalized during the crisis, and with what effects on domestic economies and international relations? To what extent are we likely to see new capital controls in response to the flight of capital to US markets and to (expected) increases in global financial volatility throughout 2018?

Silla Sigurgeirsdóttir and Robert H. Wade, “From Control by Capital to Control of Capital: Iceland’s Boom and Bust, and the IMF’s Unorthodox Rescue Package,” Review of International Political Economy, 2015, 22(1), 103-33. [C]
Moschella, Manuela, “Currency Wars in the Advanced World: Resisting Appreciation At a Time of Change

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8 PhD students preparing for the comprehensive exam in International Relations might consider reading the essays by Keynes and Skidelsky prior to the comps.
in Central Banking Monetary Consensus,” Review of International Political Economy,” 2015, 22(1), 134-61. [C]


Note: two very interesting studies of the effect of the financial crisis on women globally:

For more on the debate over capital controls and other measures to reduce financial volatility:

Epstein, Gerald, Ilene Grabel, Jomo KS, Capital Management Techniques In Developing Countries: An Assessment of Experiences from the 1990's and Lessons For the Future, paper prepared for the XVIth Technical Group Meeting (TGM) of the UN Group of Twenty-four, Port of Spain, Trinidad and Tobago, February 13-14, 2003. (OPTIONAL)
http://www.g24.org/un-egj04.pdf [PL]


E. The International Monetary Fund (and the World Bank): Governance, power, policy practice, and the possible futures of these institutions

How well did the IMF perform in the years leading up to the global crisis? How well did the IMF perform during the global crisis? How does the IMF’s own Independent Evaluation Office assess the Fund’s performance during the crisis? Have the ideas of IMF staff and leadership changed during the crisis? Has the power, governance, and content of the IMF’s policy advice changed in important ways during the crisis? If so, how do we know if the changes are real or simply rhetorical? To what extent are the IMF and World Bank likely to be left behind in a world in which new multilateral financial institutions (such as the Asian Infrastructure Investment Bank) come to play a more important role at the same time as the US may be retreating from its traditional role in the global financial architecture? Will the Bretton Woods institutions be induced to respond to the next financial crisis (such as a possible crisis in Turkey, difficulties
induced by Chinese overlending)? What role might the Bretton Woods institutions play in a reformed global financial system?


Ocampo, José Antonio, Resetting the International Monetary (Non)System, Oxford: Oxford University Press, 2017. Read chapter 6. [C]

McDowell, Daniel, How Debt Traps from China’s Belt and Road Initiative Could Upend the IMF, World Politics Review, August 2018. [C]

Akyüz, Yılmaz, Renewed Crises in Emerging Economies and the IMF: Muddling Through Again, South Centre Policy Brief, No, 47, June 2018. [C]

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IMF Independent Evaluation Office (IEO); see the reports on the IMF’s performance during the crisis.


F. The Eurozone crisis

What happened in the Eurozone? And exactly happened in Greece? Was the Troika (i.e., the partnership among the European Commission, the European Central Bank, and the IMF) a useful partnership? Is the Troika a good model for coordinated responses to other financial crisis in other regions? Does the end of Greece’s assistance package in August 2018 mean that Greece and Europe are ‘out of the woods’? What are the prospects that the euro will become an international currency? Should we expect that struggling economies will remain in the Eurozone?


Blustein, Paul, “Laid Low: The IMF, the Eurozone, and the First Rescue of Greece,” CIGI Papers, No. 61, April 2015. [C]

Optional readings on the theory of currency unions:

Optional readings on European monetary integration:

Optional readings on the crisis in the Eurozone:
Wolf, Martin, The Shifts and the Shocks—What We’ve Learned—and have Still To Learn—From the Financial Crisis, New York: Penguin Press, 2014, ch. 9. (OPTIONAL)
Eichengreen, “When Currencies Collapse: Will We Replay the 1930s or the 1970s?,” Foreign Affairs, 2012, 9(1), pp. 117-34 [C].
Cohen, Benjamin J., “Paradise Lost?: The Euro After the Crisis,” April 2011, Department of Political Science, University of California-Santa Barbara, unpublished paper. (OPTIONAL)

G. The internationalization and role of the (Chinese) RMB and China’s role in the global financial

9 PhD students might wish to read the articles on optimum currency area theory prior to the comprehensive exam.
Is the RMB becoming an international currency, and why does this matter (in terms of financial stability, monetary policy, international and intra-regional relations, and the role of the US dollar)? What factors make further internationalization of the RMB more likely? What factors inhibit further internationalization? What is the significance of the inclusion of the RMB in the IMF’s SDR (as of September 2016)? What is the geopolitical significance of China’s monetary diplomacy (including its bilateral currency swaps), its emergence as a major player in the provision of development finance, and its role in supporting or creating new financial institutions? What are the implications of China’s role in the global financial architecture for global financial stability and development?


Gabor, Daniela, Goodbye Chinese Shadow Banking and Hello Market-Based Finance, Development and Change, 49(2), pp. 394-419. [C]

Hurley, John, Examining the Debt Implications of China’s Belt and Road Initiative From a Policy Perspective, Center for Global Development Working Paper No. 121, March 2018. [C]

McDowell, Daniel, How Debt Traps from China’s Belt and Road Initiative Could Upend the IMF, World Politics Review, August 2018. (OPTIONAL)

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EXAM 3\textsuperscript{10} WILL BE DISTRIBUTED ON MONDAY, NOVEMBER 5 (BY 5 PM) VIA EMAIL. IT WILL BE DUE ON SATURDAY, NOV. 17 AT 9AM (SUBMIT VIA EMAIL).

\textsuperscript{10} The exam is a “take home” essay. Students will be required to write one essay of up to 2800 words in response to questions that I pose on the material covered in section III of the course.