

Seton Hall University

eRepository @ Seton Hall

Diplomacy Syllabi

School of Diplomacy and International
Relations

Spring 2017

DIPL 4556 Financial Aspects of International Relations

James Amemasor PhD
Seton Hall University

Follow this and additional works at: <https://scholarship.shu.edu/diplomacy-syllabi>

Recommended Citation

Amemasor, James PhD, "DIPL 4556 Financial Aspects of International Relations" (2017). *Diplomacy Syllabi*. 324.

<https://scholarship.shu.edu/diplomacy-syllabi/324>

Financial Aspects of International Relations
School of Diplomacy and International Relations
Seton Hall University
Spring 2017 Course Syllabus

Instructor: Dr. James Amemasor
 Email: james.amemasor@shu.edu

Office: McQuaid Hall 101C
 Office Hours: Thursday 4-5 p.m. and by appointment

Course Identification

Course Name: Financial Aspects of IR
 Course Location: Stafford Hall 208

Course Number: DIPL 4556
 Class Time: Thursday 5:00 to 7:30 p.m.

Course Description & Objectives

Money and finance are the pivots around which the world economy and international relations twist and turn. This course offers an introduction to financial relations among nations. Financial relations are about decisions of states concerning their actions and inactions toward other states. The course aims to help students understand: 1) international finance as an issue-area central to world politics; and 2) how states compete and cooperate politically to organize and maintain institutions and processes that regulate cross-border financial transactions. A central theme is that the effects of finance are both economic and political in relations among states and within states. We will survey international financial developments and processes vis-à-vis relations among nations and examine the pre-1914 international financial system, the creation of the Bretton Woods order, the re-globalization of finance since the 1970s, the causes and political responses to the 2008 global financial crisis, and the financial interdependence of today's world.

Learning Goals

The course is designed to help students:

Objective	Assessment
A. Demonstrate understanding of money and finance not only as an economic phenomena, but also as subjects of political struggle in states' pursuit of power, interests, and ideas.	Class discussion and presentations
B. Enhance understanding of international and domestic politics as inextricably intertwined in the realm of global finance.	Class discussion and written assignments
C. Demonstrate familiarity with the origin and development of contemporary world financial openness and integration.	Class discussion and Course Term Paper
D. Develop critical reading and numeracy skills and construct persuasive essays analyzing the politics of global finance.	Quizzes, Mid-term, Final, Term Paper
E. Identify and describe the roles and functions of international financial institutions with significant importance.	Quizzes, Mid-term, Final, Term Paper
F. Identify and evaluate the benefits and risks associated with financial interdependence of today's world.	Presentations, class discussion
G. Demonstrate understanding of how capital flows have blurred the lines between national financial markets.	Class discussion, written assignments

Course Requirements and Grades

- 1) Readings are assigned for each class session. It is imperative that students complete all required readings on time in order to be able to participate actively in class discussions. All readings will provide background information on the historical and contemporary developments and processes reflecting the interrelationship between politics and international finance. And as class discussions are an important element of the learning process, student participation will be highly valued by the instructor.
- 2) Scholars are required to bring a newspaper article about relations between politics and international finance that they would like to share with the class. The instructor will randomly call upon scholars to share details of their articles. Such will count toward participation grade.
- 3) Regular, punctual attendance is a course requirement. Attendance will be taken at the beginning of every class session. More than two unexcused absences will draw a penalty on the participation portion of your grade.
- 4) Starting from the second week, a team of 2 students will open each class session with a 10-15 minute oral presentation based on assigned readings. The presenters will be required to survey what they think are the most significant dimension(s) of the readings and to present the class with a range of points for discussion.
- 5) Midterm and Final Exams: The midterm will be held during our regular class period on *Thursday, March 2*. The final exam will take place during the time period assigned by Registrar, and will be announced as soon as registrar releases that information. Please note that materials from assigned readings along with information presented in class lectures and discussions will be the subjects of both the midterm and the final exams. The nature and format of the exams will be discussed in detail later in the semester.
- 6) Term Paper: The due date for the term paper (no more than 10 double-spaced typed pages, not including bibliography) is *Thursday, April 27*, during class time. Students are required to submit a preliminary one-page proposal on a topic of their choice within the realm of financial relations among states, which must be approved by the instructor. The proposal, which is due on *Thursday, March 23*, will not be graded, but rather returned with comments. All written assignments for this class are to be in Times New Roman 12-point font with one-inch margins. No space is to be left between paragraphs, which are to be indented on the first line. Details of the term paper assignment are listed in an additional course document.

The final grade earned in this course will be based on student performance in the following areas:

- a.) Class Attendance & Participation – 10%
- b.) Quizzes and Class Presentations – 10 %
- c.) Midterm Exam – 20%
- d.) Term Paper – 40 %
- e.) Final Exam – 20%

Please note that make-ups for missed exams as well as extensions for the term paper will only be granted with a valid and documented excuse, subject to the instructor's approval.

Course Format

Class meetings are divided into lectures and class discussions. The two formats are intended to complement each other and are both integral parts of the course. The lectures will provide context to the politics of international finance, events, and processes and will offer interpretations for students' consideration. Audio visual aids and in-class presentations are designed to reinforce the lectures. Students should attend classes and actively participate in the learning process.

Academic Integrity

As scholars at Seton Hall University, all students are held to the university's Academic Integrity and Student Conduct Codes as well as to their instructor's expectations, which include NO engaging in obscene or offensive behavior and NO utilizing inappropriate language or profanity. Academic dishonesty or plagiarism on term papers and exams will not be tolerated and may result in an immediate and final course grade of "F." Please note that serious cases will be reported directly to the Dean of Students, which may result in academic probation and/or suspension from the university. Please see the School of Diplomacy and International Relations statement for academic conduct at <http://www.shu.edu/academics/diplomacy/academic-conduct.cfm>.

Policy on Inclusiveness

It is the policy and practice of Seton Hall University to promote inclusive learning environments. If you have a documented disability you may be eligible for reasonable accommodations in compliance with University policy, the Americans with Disability Act, Section 504 of the Rehabilitation Act, and/or the New Jersey Law against Discrimination. Please note, students are not permitted to negotiate accommodation directly with professors. To request accommodation or assistance, please self-identify with the Office for Disability Support Services (DSS), Duffy Hall, Room 67 at the beginning of the semester. For more information or to register for services, contact DSS at (973) 313-6003 or by email at DSS@shu.edu.

Policy on Incompletes

Incompletes will be given only in exceptional cases for emergencies. Students wishing to request a grade of Incomplete must provide documentation to support the request accompanied by a Course Adjustment Form (available from the Diplomacy Main Office) to the professor *before* the date of the final examination. If the incomplete request is approved, the professor reserves the right to specify the new submission date for all missing coursework. Students who fail to submit the missing course work within this time period will receive a failing grade for all missing coursework and a final grade based on all coursework assigned. Any Incomplete not resolved within one calendar year of receiving the Incomplete or by the time of graduation (whichever comes first) automatically becomes an "FI" (which is equivalent to an F). It is the responsibility of the student to make sure they have completed all course requirements within the timeframe allotted. Please be aware that Incompletes on your transcript will impact financial aid and academic standing.

Assigned Texts

Students will be required to examine book chapters, journal articles, and economic and financial newspaper clippings that are assigned/provided for better understanding and integration of the course. These materials will be available in electronic format on Blackboard.

- ⊙ This syllabus is subject to change. Students are responsible for keeping track of announcements and assignments.

Schedule of Classes

Week 1: Organization Meeting

Jan 12: Lecture and discussion on the contours of International Relations and international financial markets and institutions

Week 2: The Functions of Money and Finance in the World Economy

Jan 19: Read:

John Kay, "Capital Allocation," in John Kay, *Other People's Money: The Real Business of Finance* (New York: Public Affairs, 2015): 135-162.

John Kay, "The Investment Channel," in John Kay, *Other People's Money: The Real Business of Finance* (New York: Public Affairs, 2015): 185-202.

Read: John Cassidy, "What Good is Wall Street?" *The New Yorker*, November 29, 2010.

Week 3: The Evolution of the International Monetary and Financial System

Jan 26: Read:

Eric Hellener, "The Evolution of the International Monetary and Financial System," in John Ravenhill (ed.), *Global Political Economy*, 4th edition (Oxford: Oxford University Press, 2014): 173-197.

J. Lawrence Broz, "The Domestic Politics of International Monetary Order: The Gold Standard," in Jeffrey A. Frieden, David A. Lake, and J. Lawrence Broz (eds.), *International Political Economy: Perspectives on Global Power and Wealth* (New York: W. W. Norton & Company, 2009):

Jeffrey A. Frieden, David A. Lake and Kenneth A. Schultz, "International Financial Relations," in *World Politics: Interests, Interactions, and Institutions* (New York: W. W. Norton & Company, 2009).

Week 4: "Embedded Liberalism:" Capital Market Liberalization and Integration

Feb 2: Read

Jeffrey A. Frieden, "The United States in the World Economy," in Jeffrey A. Frieden, *Banking on the World: The Politics of American International Finance*, Routledge Revivals edition (New York: Routledge, 2015): 1-14.

Philip G. Cerny, "Money and Power: The American Financial System from Free Banking to Global Competition," in Grahame Thompson, ed., *Markets* (vol. 2 of *The United States in the Twentieth Century*, 2nd edition, 1999).

Barry Eichengreen, "Hegemonic Stability Theories of the International Monetary System," in Jeffrey A. Frieden, David A. Lake, and J. Lawrence Broz (eds.), *International Political Economy: Perspectives on Global Power and Wealth* (New York: W.W. Norton & Company, 2009):

Week 5: The Erosion of "Embedded Liberalism" and the Re-Emergence of Global Finance

Feb 9: Read

J. Orlin Grabbe, "The Rise and Fall of Bretton Woods," in *International Financial Markets*, 2nd edition (New York: Elsevier Science Publishing, 1991): 3-26.

Harvey Cox, "The Market as God" *The Atlantic* (March 1999).

Susan Strange, "The Casino Image Gone Mad," in Susan Strange, *Mad Money: When Markets Outgrow Governments* (Ann Arbor: The University of Michigan Press, 1998): 1-21.

Week 6: The New Global Finance, Transition and Development

Feb 16: Read:

Jeffrey A. Frieden, "Lenders and Borrowers," in Jeffrey A. Frieden, *Banking on the World: The Politics of American International Finance*, Routledge Revivals edition (New York: Routledge, 2015): 123-161.

Jeffrey A. Frieden, "Building the New World Order," in Jeffrey A. Frieden, *Banking on the World: The Politics of American International Finance*, Routledge Revivals edition (New York: Routledge, 2015): 51-178.

Jagdish Bhagwati, "The Capital Myth: The Difference between Trade in Widgets and Dollars," *Foreign Affairs*, 77, no. 3 (May/June 1998): 7-12.

Week 7: Transnational Debt and International Relations

Feb 23: Read:

William Easterly, "How Did Heavily Indebted Poor Countries Become Heavily Indebted? Reviewing Two Decades of Debt Relief," *World Development*, Vol. xx (July 2002).

Susan Strange, "The Debtors," in Susan Strange, *Mad Money: When Markets Outgrow Governments* (Ann Arbor: The University of Michigan Press, 1998): 97-122.

Sergio L. Schumukler, "Financial Globalization: Gain and Pain for Developing Countries," in Jeffrey A. Frieden, David A. Lake, and J. Lawrence Broz (eds.), *International Political Economy: Perspectives on Global Power and Wealth* (New York: W. W. Norton & Company, 2009).

Robert Wade and Frank Veneroso, "The Asian Crisis: The High Debt Model versus the Wall Street-Treasury-IMF Complex," *New Left Review* (March-April, 1998): 3-22.

Week 8: Reserve Currencies, Financial Stability Spillovers, and International Relations

March 2: Read:

Barry Eichengreen, *Exorbitant Privileges: The Rise and Fall of the Dollar and the Future of the International Monetary System* (Oxford: Oxford University Press, 2011):

Jeffrey A. Frieden, "Globalization and Exchange Rate Policy," in Jeffrey A. Frieden, David A. Lake, and J. Lawrence Broz (eds.), *International Political Economy: Perspectives on Global Power and Wealth* (New York: W. W. Norton & Company, 2009):

Jonathan Kirshner, "The Nature of Monetary Power," in Jonathan Kirshner, *Currency and Coercion: The Political Economy of International Monetary Power* (Princeton: Princeton University Press, 1995): 3-20.

Matthew Gabel, "Divided Opinion, Common Currency: The Political Economy of Public Support for EMU," in Jeffrey A. Frieden, David A. Lake, and J. Lawrence Broz (eds.), *International Political Economy: Perspectives on Global Power and Wealth* (New York: W. W. Norton & Company, 2009):

March 2: Midterm Exam

Week 9: Spring Break: March 6-11.

March 9: No classes

Week 10: Global Financial Crisis and Political Response

March 16: Read:

Louis W. Pauly, "The Political Economy of Global Financial Crises," in John Ravenhill (ed.), *Global Political Economy*, 4th edition (Oxford: Oxford University Press, 2014): 198-222.

Stephen Labaton, "Agency's '04 Rule Let Banks Pile Up New Debt," *New York Times*, October 2, 2008.

Ben S. Bernanke, "From Financial Crisis to Economic Crisis," in Ben S. Bernanke, *The Courage to Act: A Memoir of Crisis and its Aftermath* (New York and London: W. W. Norton & Company, 2015): 385-411.

The Federal Reserve System, "Central Bank Liquidity Swaps," available from http://www.federalreserve.gov/monetarypolicy/bst_liquidityswaps.htm

Week 11: Global Financial Crisis and Political Response (cont'd)

March 23: Read:

Ben S. Bernanke, "Quantitative Easing: The End of Orthodoxy," in Ben S. Bernanke, *The Courage to Act: A Memoir of Crisis and its Aftermath* (New York and London: W. W. Norton & Company, 2015): 415-434.

Benjamin J. Cohen, "The Triad and the Unholy Trinity: Problems of International Monetary Cooperation," in Jeffrey A. Frieden, David A. Lake, and J. Lawrence Broz (eds.), *International Political Economy: Perspectives on Global Power and Wealth* (New York: W. W. Norton & Company, 2009).

Term paper proposal due, March 23

Week 12: Global Finance, Public Wariness, and the Rise of Populism

March 30: Read:

Jonathan D. Ostry, Prakash Loungani, and Davide Furceri, "Neoliberalism: Oversold?" *Finance & Development* (June 2016): 38-41.

Sergio L. Schumukler, "Financial Globalization: Gain and Pain for Developing Countries," in Jeffrey A. Frieden, David A. Lake, and J. Lawrence Broz (eds.), *International Political Economy: Perspectives on Global Power and Wealth* (New York: W. W. Norton & Company, 2009).

Sam Fleming, "'Fed Up' Activists Give Message to Jackson Hole," *Financial Times*, August 26, 2016.

Martin Wolf, "The Big Questions Raised by Anti-Capitalist Protests," *Financial Times*, October 27, 2011.

Week 13: Financial Governance in an Open World Economy

April 6: Read:

Eric Helleiner, "Reregulation and Fragmentation in International Financial Governance," *Global Governance*, 16, no. 1 (2009): 15-20.

John Kay, "Regulation," in John Kay, *Other People's Money: The Real Business of Finance* (New York: Public Affairs, 2015): 205-226.

Eric Helleiner and Stefano Pagliari, "Crisis and Reform of International Financial

Regulation,” in Eric Helleiner, Stefano Pagliari and Hubert Zimmermann, eds., *Global Finance in Crisis: The Politics of International Regulatory Change* (London and New York: Routledge, 2010): 1-17.

Ben S. Bernanke, “China’s Trilemma—and Possible Solution,” March 9, 2016. Available from <https://www.brookings.edu/blog/ben-bernanke/2016/03/09/chinas-trilemma-and-a-possible-solution/>

Gabriel Wildau, “China Markets Stabilize on State Intervention,” *Financial Times*, January 5, 2016.

Week 13: Holy Thursday, Good Friday– University Closed

April 13: No classes

Week 14: Financial Governance in an Open World Economy (cont’d)

April 20: Read:

Martin Feldstein, “Refocusing the IMF,” *Foreign Affairs*, 77, No. 2 (1998).

Friedrich Wu and Koh De Wei, “From Financial Assets to Financial Statecraft: The Case of China and Emerging Economies of Africa and Latin America,” *Journal of Contemporary China*, Vol. 23, No. 89 (2014): 781-803.

Gretchen Morgenson, “3,000 Pages of Financial Reform, But Still Not Enough,” *New York Times*, May 29, 2010.

Simon Johnson, “The Myth of Resolution Authority,” *New York Times*, March 31, 2011.

Amar Bhattacharya, “A Tangled Web,” *Finance & Development* (March 2009).

Roger Bootle, “Redrawing: Rethinking the Role of the State and Markets,” *Finance & Development* (March 2009): 34-35.

Week 15: The Future of Finance and International Relations

April 27: Read:

Jeffrey A. Frieden, “The Future of International Finance,” in Jeffrey A. Frieden, *Banking on the World: The Politics of American International Finance*, Routledge Revivals edition (New York: Routledge, 2015): 162-195.

Ben S. Bernanke, “Building a New Financial System,” in Ben S. Bernanke, *The Courage to Act: A Memoir of Crisis and its Aftermath* (New York and London: W. W. Norton & Company, 2015): 435-466.

David Lipton, “Can Globalization Still Deliver? The Challenge of Governance in the 21st Century,” IMF Stavros Niarchos Lecture, Peterson Institute for

International Economics, May 24, 2016. Available from
<https://www.imf.org/en/News/Articles/2015/09/28/04/53/sp052416a>

Brad Setser, "The Shape of Things to Come," *Finance & Development* (March 2009): 36-39.

James M. Boughton, "A New Bretton Woods?" *Finance & Development* (March 2009): 44-46.

April 27: Last Day of Class; Term Paper Due

Week 16: Final Exams Week

May 2: Reading Day