Money, Development and Conflict in International Relations

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SED, Wednesdays, 9.00-12.00

Office hours: Wednesdays: 1.00-4.00

How does finance shape economic prosperity at home and abroad? Is modern finance good for human development? Given the power of internationalized private finance, what roles can states still play in economic development? How do states finance inter-state wars and how do insurgents fund insurgencies? Does Islamic finance challenge the financial status quo? Is austerity the inevitable outcome of financial crises and how has it changed security strategies?

This course attempts to address these questions by exploring the patterns of stability and change in the world economy from the perspective of the role of the financial sector. While some of the readings cover historical developments, the main focus remains on developments from the past two decades and the post-Lehman crisis.

The readings used in the class are intended for a general audience, rather than a readership endowed with a specialist training in economics. Therefore no economics prerequisites exist.

Course guidelines

The course format is as follows: (a) the professor will deliver a short lecture, framing the issues of the day in the broader context of the class. (b) next, specific students present the assigned readings and draw the rest of the class into a debate that is germane to the main issues highlighted in the readings (c) after the break, the professor will deliver an interactive lecture focused on relevant aspects not discussed in the readings.

Grading policy

20 points: Class participation

To get 10 points, one must attend all classes and have at least one intervention per week. To get 20 points one needs more than one intervention that goes beyond a mere description of the class material and makes connections to contemporary economic realities or analytical forays not envisaged by the authors. Careful assessments of the strengths and weaknesses of the readings
would be highly appreciated. If you do not feel comfortable to speak in class, you can post your interventions on the class blog. (The login is devl1980 and the password is madaminel).

10 points presentation

You’ve heard about the phenomenon called “death by powerpoint.” We want to avoid that tragic fate for the members of this class whenever possible. This means that to get 10 points you need a well-prepared presentation that is captivating rather than dull, analytical rather than descriptive, challenging rather than passive. A 10 points presentation takes the readings as a basis for challenging us to go further and have our own thoughts. A presentation that merely summarizes the material will get 5 points at most.

30 points: midterm paper

This will be the framework for a policy memo covering sections 1-7 and using the format used by the prominent think-tank Brookings. The assignment will emulate the structure of pages 1-13 in the following policy report: http://www.brookings.edu/~media/research/files/reports/2014/09/latin%20america%20macroeconomic%20outlook%20talvi/2014%20esplamacro%20web.pdf

40 points: final paper

The complete policy report at the link specified above.

Work and Ethics

You are responsible to know Boston University’s Academic Conduct Code. Link: http://www.bu.edu/academics/resources/academic-conduct-code/

Books


Sessions

1. Introduction

http://www.theatlantic.com/magazine/archive/2012/04/what-isnt-for-sale/308902/

http://www.nybooks.com/articles/archives/2013/may/09/debt-we-shouldnt-pay/?pagination=false


2. Fundamentals

Lanchester, first half

3. The origins of modern finance

Hansen, Per H. "From Finance Capitalism to Financialization: A Cultural and Narrative Perspective on 150 Years of Financial History." Enterprise and Society (2014) online.


5. Finance, globalization and inequality


“Introduction” (scanned copy)

Recommended:

The Economist, “The Price Isn’t Right” September 21, 2012
The Economist, The missing 20 trillion, Feb 16, 2013


6. Financiers and innovation


7. Financiers and development


8. Financial crises (1)

Wolf, first half


Watch the video of Martin Wolf talking about the European crisis: http://brown.edu/web/livestream/archive/2012-euroconf.html

9. Financial crises (2)
Wolf, part two (minus conclusions)

10. Austerity and ideology


Schaffer and Streeck: part one

11. Austerity and conflict

Schaffer and Streeck: part two (minus conclusions)


12. War finance


13. Insurgency Finance


14. Islamic Finance


Islamic Finance Focus, *The Economist*, April 10, 2012
15. After the Bust


Wolf, conclusions

Schafer and Streeck, conclusions

**Data 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 Penrose Library (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 IMF’s Global Economic Prospects is also a useful publication. IMF publications are available on the institution’s website. 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).

6. The United Nations (www.un.org) publishes the annual World Economic Survey, which covers major issues facing the world economy.