How has the evolving nature of international finance constrained and/or enlarged the possibilities of economic prosperity? Under what conditions does the financial sector contribute to inclusive growth? Given the power of the bond market, what roles can states still play in economic development? How do states finance wars and how do insurgents fund insurgencies? Is the ongoing crisis exceptional and what should one expect to find in its debris? Do Islamic finance or the BRICs challenge the financial status quo? Is microfinance a good answer to the crisis of international development? Is austerity the inevitable outcome of financial crises? How can we fix the problems of contemporary finance?

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

This will be a review essay of books selected for you by the professor. The detailed guidelines are on the blog.

40 points: research paper

This is a standard research paper on a topic chosen by you and agreed with the professor. The detailed guidelines are on the blog.

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

Eric Helleiner, States and the Reemergence of Global Finance: From Bretton Woods to the 1990s, Cornell University Press, 1996

1. Introduction

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

2. Taking Stock


Andrew Haldane and Robert May, “The birds and the bees, and the big banks” Financial Times, February 20, 2011


3. Finance in History 1.0: From 1000 AD to 1944


Eichengreen, Globalizing Capital, ch. 1-3

4. Finance in History 2.0: From 1944 to 1973

Eric Helleiner States and the reemergence of global finance, part 1

5. The Ascent of Contemporary Finance

Eric Helleiner States and the reemergence of global finance, part. 2

Andrew Haldane, "On being the right size." http://www.bis.org/review/r121030d.pdf


6. Finance and equity


Tax Justice Network The Price of Offshore Revisited

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

7. Financing Development in the Global South: From Development Banks to Microfinance

Justin Lin and Ha Joon Chang “Should Industrial Policy in developing Countries Conform to Comparative Advantage or Defy it?” *Development Policy Review*, 2009.


Gerald Epstein, “Postwar Experiences with Developmental Central Banks: The Good, the Bad and the Hopeful”

Kathryn Hochsteter, Brazil and BNDES, *Development Journal*, forthcoming


Video: Bill Janeway, Financing innovation in advanced capitalism,
http://youtu.be/urpdNAyrlcc

8. Insurgency Finance


BUESA, MIKEL, and THOMAS BAUMERT. "UNTANGLING ETA’S FINANCE: AN IN-DEPTH ANALYSIS OF THE BASQUE TERRORIST’S ECONOMIC NETWORK

9. Financial crises (1)

Mark Blyth, Austerity, first half


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

10. Financial Crises (2)

Reinhart and Rogoff “This Time it’s Different” NBER 13882, Available at http://www.nber.org/papers/w13882


11. Austerity

Mark Blyth, Austerity, all but chapter 4

12. Finance across Regions: Africa and the Middle East


13. Finance and Regions: Asia and Latin America


*Financial Times:* ”The Future of Development Banks”

14. **Financial Repression, Reform and Status Quo**


Mark Chandler, “Foul Weather Friends”

http://jacobinmag.com/2013/05/foul-weather-friends/

Blyth, *Austerity*, 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. 3. The World Bank’s two-volume publication, Global
Development Finance, provides comprehensive data on capital flows (www.worldbank.org).


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

