This course draws on international relations, international economics, economic history, and regulatory theory to provide a broad introduction to the politics underlying government regulation of money and finance. By the end of the course, students should be able to think intelligently about questions such as these (which are, of course, not subject to a single definitive answer—yet are immensely important): What causes banking and currency crises? What do central banks do, and why are they politically controversial? When financial crises spread internationally, why is it difficult for the international community to agree on a global regulatory framework to prevent the next crisis? What does the International Monetary Fund (IMF) do? Is the Chinese renminbi/yuan likely to push aside the United States dollar? Why and when?

We will read, dissect, and write two analytical essays about three books and other readings. An on-going aim of the course will be integration of theory, history, and contemporary international events/news. Please expect to read 100 to 175 pages of complex, challenging text weekly. Please bring a copy of the readings to class, either hard copy or on your computer or tablet (not your phone, please).

Required texts for purchase:


Additional readings, identified by an asterisk (*), to be made available electronically on the Canvas system:

NOTE: Some of these are currently listed in the syllabus, but further readings WILL be added later.

Grading:

15% -- Class participation/attendance
30% -- 1st Essay (One 5-7 page essay on your choice of five or six questions.)
25% -- Midterm (In class, one and ½ hours)
30% -- 2nd Essay (One 5-7 page essay on your choice of five or six questions.)
I. The Domestic Politics of Banking and Banking Crises

**Week 1.** Introduction and Essential Background Information
- a) Outcomes in any social system determined by structure, interests, and ideas
- b) Conceptualizing national political systems as types of “games”
- c) Banks versus capital markets
- d) Economic functions of a financial system: payments system, financial intermediation, household financial management over time, insure against risks
- e) Commercial banking and the monetary multiplier

**Reading:**
* Agarwal, M. (n.d.) “Money Supply and Credit Creation by Commercial Banks”

**Other:** None

**Week 2.** Theory: The Historical Origins and Contemporary Political Economy of Banking

**Reading:** Calomiris and Haber (hereafter C&H), Chaps 1 (“Why are Stable & Efficient Banks Rare?”), 2 (“Game of Bank Bargains”), & 3 (“Why States Need Banks”)

**Other:** None

**Week 3.** British Banking and the Historical Evolution of Central Banks (& begin reading on U.S. banking)

**Reading:** C&H, Chaps 4 (“Privileges with Burdens”), 5 (“Banks and Democracy”), and 6 (“Crippled by Populism”)

**Other:** None

**Week 4.** United States versus Canadian Banking

**Reading:** C&H, Chaps 7 (“The New U.S. Bank Bargain”), 8 (“Leverage …Subprime Crisis”), and 9 (“Politics and Banking in Canada”)

**Other:** None

**Week 5.** Mexican Banking, under Autocracy and New Democracy

**Reading:** C&H, Chaps 10 (“Chaos Makes Cronyism Look Good”) and 11 (“When Autocracy Fails”)

**Other:** None

**Week 6.** Brazilian Banking and the Inflationary Game, under Autocracy and New Democracy

**Reading:** C&H, Chaps 12 (“Inflation Machines”) and 13 (“Inflation Tax Banking”)

**Other:** First Essay Questions OUT

**Week 7.** Reading: Please catch up! We begin a new and challenging book in Week 8!

**Other:** None
II. The Domestic Politics of Exchange Rates

**Week 8.** Essential Background Information and Theory
   a) How exchange rates work
   b) The classical gold standard
   c) The Trilemma (aka “Impossible Trinity”)
   d) The political economy of exchange rate preferences
**Reading:** Frieden, Introduction (“Political Economy of Currency Choice”) and Chaps 1 (“Theory of Preferences”) and 3 (“United States…1880-1896”)
**Other:** First Essays DUE (electronically as per instructions; submitted before class). Study Sheet for MIDTERM available.

**Week 9.** Currency Politics in Latin America
**Reading:** Frieden, Chaps 5 (“Latin America, 1970-2010”) and 6 (“Latin American Currency Crises”)
**Other:** MIDTERM (1st hour and ½ of class); LECTURE (after the break)

III. International Relations and the Global Politics of Money

**Week 10.** Summing Up Exchange Rate Preferences; Moving from the National (as in C&H, Frieden) to the International (as in Kirshner) Politics of Money
**Reading:** Frieden, Chap 7 (“Exchange Rates, Implications and Extensions”); Kirshner, Chaps 1 (“Global Financial Crisis”) and 2 (“Learning from the Great Depression”)
**Other:** MIDTERM returned

**Week 11.** Postwar International Economic Governance: Bretton Woods & the Post-Bretton Woods Era
**Reading:** Kirshner, Chaps 3 (“First to Second Postwar Order”), 4 (“Asian Financial Crisis”)
**Other:** None

**Week 12.** The Global Financial Crisis of 2007-2009
**Reading:** Kirshner, Chaps 5 (“The New American Model [of Financial Deregulation]”) and 6 (“The GFC and World Politics”)
**Other:** None

**Week 13.**
**Reading:** Kirshner, Chaps 7 (“GFC and the International Balance of Power”) and 8 (“Conclusions and Speculations”)
**Other:** Second Essay Questions OUT
Second Essay Questions DUE 1 week later (electronically; submitted by NOON)

ACADEMIC INTEGRITY

All students are expected to read and understand the university’s policies with regard to academic dishonesty (T10.02 and T10.03). These policies are available through the following url:

http://www.sfu.ca/policies/gazette/teaching.html

Forms of academic dishonesty include but are not limited to the following:

- Submitting all or a portion of the same work for credit in more than one course.
- Representing another person’s work as your own for course assignments.
- Failure to acknowledge sources of facts, information, analyses, interpretations, and arguments that you incorporate in your work, whether from a source that is written, spoken communication, or the internet and whether it is published and unpublished. Appropriate documentation of your sources is necessary when you quote, paraphrase or incorporate information and ideas generated by others. In particular, please be aware that “patchwriting” is unacceptable.

All students in SIS classes are expected to read the SFU Library lesson on “What is Plagiarism?” and take the interactive tutorial, “Understanding and Avoiding Plagiarism”


Understanding and Avoiding Plagiarism: http://www.lib.sfu.ca/help/tutorials/plagiarism-tutorial