Global Economy: Emergence and Current Issues #2
Central European University-Budapest
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Department of Economics

Winter Semester 2017

Course level MA

Credits: 2 Credits

Time: January 9th-26th 2017. Lectures: Jan 9, 10, 11, 12, 16, 17, 18, 19, 23, 24, 25, 26- 5.30 pm

Room: N13 412/A

Office Hours (TBC)

Course Description: This is an advanced conceptual course in the quantitative, history of global financial, debt and monetary crises. What factors drive capital and debt market integration in the long run? Why do financial, monetary and sovereign debt crises arise and how should they be solved? We explore these issues by addressing the major developments on financial markets from early XIXth century to the recent major financial and debt crisis. It starts with a comprehensive backbone analysis of the linkages between money and credit to appraise then exchange rate, balance of payments and public and private debt phenomena for both developed and emerging markets. The main emphasis will be on identifying causes leading to financial, exchange rate and debt distress and crashes.

Issues discussed are Central Banking, Monetary and Exchange Rate Policy, Fiscal Constraints and Debt Management, Speculative Attacks and Bubbles, Overshooting, Sudden Stops and Sustainable Economic Plans and the Current Global Meltdown. A discussion on the Prospects of an International Financial Cooperative Architecture closes the course. The course aims to provide historical perspectives to modern policy debates surrounding the present global financial and monetary situation.

Learning Outcomes: Successful completion of the course enables students: (a) to grasp the intimate linkages between a path of excessive debt accumulation, economic booms and busts; (b) to possess a historical perspective of the capitalist tendency to experience serially global financial crises and (c) to understand the new open macro-political economy scenario during and after the contemporaneous global meltdown. Students will get access to power point material for all 12 lectures.
Course Requirements: Two assessment requirements for the course: (1) a short oral presentation of one assigned paper included in the reading list (20% of the final grade); (2) A final Exam which will include all topics developed in the lectures (80% of the final grade).

Background Texts:


Outline of the Course and Reading list


Mandatory reading


Optional Reading


Mandatory Reading


Lectures 4 and 5. Global Capital Markets Integration and Monetary and Fiscal Regimes during 1876-1913: Sovereign Debt, Defaults, Empires and Contagion.

Mandatory Reading


Optional Reading


Gerardo della Paolera and Martin Grandes, “The True Measure of Country Risk: A Primer on the Interrelations between Solvency and the Polity Structure of Emerging Markets,


Mandatory Reading


Optional Reading

Milton Friedman, “Debt Management and Banking Reform”, pp. 52-76, in A Program For Monetary Stability,


Optional Reading


Mandatory Reading


**Mandatory Reading**


**Lecture 10. Putting All Together: Money, Exchange Rates, Banking and Sovereign Debt: From Twin to Quadruplet Crises.**

**Mandatory Reading**


Optional Reading


Mandatory Reading


Gerardo della Paolera, “The Unending Search For A Global Monetary and Financial Architecture”, preliminary draft presented at the ERF Annual Conference, Cairo (2009) and the Croatian National Bank (2010). (For Lecture PPPresentation will be available)

Optional Reading


Other short essays included on the site www.voxeu.org are to be defined on the first week of the course.