Political Economy of International Money

Lecturer: Julius Horvath

No. of Credits: 4 CEU credits

Status: Course for GER, IR MA, Econ Policy MA

Teaching format: 4-hours per week, Fall Semester 2017/2018

Assessment: Presence 10%, paper presentation 30%, short outline of final essay 15%, final essay 45%; assessment could change based on the number of students in the course. Final essay on a topic pertaining to the course, with the topic pre-approved by the instructor.

Course Level: Master level class

Pre-requisites: No special pre-requisites are required. This course is accessible to anyone with a solid under-graduate background in social sciences.

Course Outline: This course presents description and analysis of the emergence, evolution and current state of world financial system. We begin with classical introductory papers, and then we follow with historical overview with emphasis on the last two decades when globalization led to dramatic expansion of the world financial system. In last two decades fast growth of capital flows created strong base for creation of wealth and economic growth in number of countries. However, these flows also contributed to financial crisis in some countries and regions. We discuss different types of financial crisis.

The Goals of the Course: The main goal of this course is to provide students with understanding of evolution of the global finances as well as its current driving forces. Class discussions will be based on selected, mostly policy oriented, papers. Students are also led to formulate their own research question in the topic of their interest.

The Learning Outcomes of the Course: The syllabus covers wide ranging areas. In this course students are able to understand some important articles and concepts of the global finance.

More detailed display of content: Introduction into International Finance; Historical Overview: Gold Standard, Interwar Period, Bretton Woods; Euro, EMU and Theory of Monetary Unification; Financialization, International Monetary Fund, Conditionality, Politics of Adjustment; Theory of Financial Crisis; Global Capital Imbalances; International Capital and Emerging Markets; Recent Financial Crisis and Eurozone Crisis


Course information will be provided at the ceulearning.ceu.edu, where also pdf versions of papers will be available.

I. Introduction

**Basic Economics of Money and Exchange Rate**

Overview of the basic issues in international finance: money and its functions, interest rate parity, purchasing power parity, exchange rate regimes. It will help to review your knowledge from under-graduate textbooks on international finance, however, instructor will review this material.


**Political Economy of International Money Relations**


**Countries and Exchange Rate Regimes**


II. Historical Overview of the International Finance

**Gold Standard and Before**


**Interwar Instability**


**Bretton-Woods: Origins and Collapse**

III. Modern Issues in International Finance

Financialization of the Economy


European Monetary Union


Feldstein, Martin, The Political Economy of the European Economic and Monetary Union: Political Sources of an Economic Liability, NBER Working Paper 6150, August 1997


Global Finance


Perspectives on Financial Crises


Lane, Philip R., The European Sovereign Debt Crisis, Journal of Economic Perspectives, 2012, Summer, Volume 26, Number 3, 49–68


Horvath, Julius and Martin Suster, „European Sovereign Debt Crisis and the Euro,” in The Eurozone Crisis and the Future of Europe, edited by Daniel Daianu, Carlo d'Adda, Giorgio Basevi, and Rajeev Kumar, Palgrave MacMillan 2014