

**Course and Contact Information:**

Course: PSC XXXX, The Politics of International Finance

Semester: Spring 2021

Meeting time: TBD

Location: TBD

**Instructor:**

Name: Alexander Kirss

Campus Address:

Phone:

E-mail:

Office hours: TBD

**Course Description:** Love it or hate it, international finance impacts your life. Major investment banks such as Goldman Sachs, JP Morgan Chase, and Credit Suisse are some of the most powerful, and polarizing, economic actors in the world. What happens, however, when the economic power of international finance clashes with the political power wielded by states and governments? Does political power constrain international finance? Or are governments pawns that can be manipulated by powerful financial actors? More generally, how does politics affect finance and vice versa? Drawing on theories of finance from political science, economics, and sociology, this course takes an ecumenical social scientific approach to studying the reciprocal effects of politics on international finance, and international finance on politics, with an emphasis on understanding the causes and consequences of the Financial Crisis and Great Recession of 2008-2009.

**Course prerequisites:** None. A general understanding of macroeconomics, although not required, will be helpful.

**Learning outcomes:** As a result of completing this course, students will be able to:

1. Evaluate the persuasiveness of social scientific arguments, particularly pertaining to the political causes and consequences of international finance.
2. Synthesize academic research into original written arguments suitable for both academic and professional audiences.
3. Research, prepare, and present oral arguments on contemporary political topics.
4. Evaluate the consequences of government policy decisions using quantitative and qualitative data.

## Required textbooks, materials, and recommended readings:

The following books are required materials for the course since we will be reading them in close to their entirety. All other course materials can be found on Blackboard as PDFs saved using the following formula: LastNamePublicationYear.pdf

Author	Title	Edition
Charles W. Calomiris and Stephen H. Haber	<i>Fragile by Design: The Political Origins of Banking Crises and Scarce Credit</i> . Princeton, NJ: Princeton University	Any
Greta R. Krippner	<i>Capitalizing on Crisis: The Political Origins of the Rise of Finance</i> . Cambridge, MA: Harvard University Press.	Any

**Average minimum amount of out-of-class or independent learning expected per week:** In line with university guidelines, which expect students to spend twice the amount of time on out-of-class work as they do on direct instruction, this class will require approximately a minimum of 5 hours of independent learning per week. There will be approximately 150-200 pages of reading per class in this course.

**Gender Balance Assessment:** There are well documented gender and racial biases in citation patterns across political science, particularly in the field of international relations. As a result, scholars are increasingly trying to include more gender and racial diversity in their syllabi in order to mitigate some of this bias. I have assessed the gender balance of this syllabus using a tool built by Professor Jane Lawrence Sumner at the University of Minnesota (<https://jlsunmer.shinyapps.io/syllabustool/>).

The assigned readings in this course are approximately 29.5% woman-authored.

I would greatly appreciate suggestions on to how to increase the gender and racial diversity of this syllabus. For more information on the gender and racial biases in citation patterns in political science see Michelle L. Dion, Jane Lawrence Sumner, and Sara McLaughlin Mitchell. "Gendered Citation Patterns across Political Science and Social Science Methodology Fields." *Political Analysis* 26, no. 3 (July 2018): 312–27 and the articles by Dawn Langan Teele, Kathleen Thelen, Amy L. Atchison, and Jeff Colgan in *PS: Political Science & Politics* 50, No. 2 (April 2017).

**How to Succeed in this Class:** This is a seminar class. There are therefore two major requirements for success: 1) doing the reading; and 2) coming to class ready to talk. I will prepare some framing comments and a list of questions to spark discussion about the week's topic, but we can't have a fruitful discussion without your input. I don't require you to send me discussion questions in advance, but please come to class with some in mind. Over the course of the semester you'll likely pick up on the types of questions I like to ask, but I'm always more interested in what you found compelling, confusing, or thought-provoking about a particular topic. I reserve the right to use pop reading quizzes—if necessary—to confirm that students are reading enough to successfully participate in class discussions. You'll also be writing papers in this class, but we'll discuss those when the time comes.

**Outside Reading/Podcasts:** It might seem foolish to recommend that you do outside reading/listening in a class that already has a relative high reading load. Still, the topics we will cover in this class are very much "alive," so it's a good idea to stay up to date on current events/commentary that might affect your interpretation of class topics. I recommend that you try and keep reasonable track of geopolitical and financial news over the course of this semester. You can get a free subscription to *The Financial Times* as a GW student, and *The Wall Street Journal* and *The Economist* are also good places to start.

I also recommend that you read broadly outside of the narrow world of markets and foreign affairs. You'll be surprised by the research ideas that'll pop into your head, and the connections you'll make to our conversations in class, if you read widely in magazines/journals like *The New Yorker*, *The Atlantic*, *The London Review of Books*, *New York Review of Books*, and the Review/Commentary sections of *The Wall Street Journal*, *The Financial Times*, *The Washington Post* and *New York Times*. Finally, podcasts are a growing source of smart, timely reactions to current events; for this class I'd definitely recommend "Marketplace w/ Kai Ryssdal."

### Schedule of Topics and Assignments

Date	Topic(s) and readings	Assignment(s) Due
<p><b>Introduction</b></p> <p>Week 1</p>	<p>Introduction</p> <ul style="list-style-type: none"> <li>- "Reading Like a Political Scientist"</li> <li>- Jonathan Schlefer, <i>The Assumptions Economists Make</i>. Cambridge, MA: The Belknap Press of Harvard University Press, 2012. Chapters 2, 15.</li> <li>- John Cassidy, "The Real Cost of the 2008 Financial Crisis," <i>The New Yorker</i>, September 10, 2018, <a href="https://www.newyorker.com/magazine/2018/09/17/the-real-cost-of-the-2008-financial-crisis">https://www.newyorker.com/magazine/2018/09/17/the-real-cost-of-the-2008-financial-crisis</a>.</li> </ul>	
<p><b>Part I: Theories of Markets</b></p> <p>Week 2</p>	<p>The Origin of Markets and Finance</p> <ul style="list-style-type: none"> <li>- Charles W. Calomiris and Stephen H. Haber, <i>Fragile by Design: The Political Origins of Banking Crises and Scarce Credit</i>. Princeton, NJ: Princeton University Press, 2014. Chapters 2 and 3.</li> <li>- Karl Polanyi, <i>The Great Transformation</i>. Boston, MA: Beacon Press Books, 1944. Selections.</li> <li>- Susan Strange, <i>States and Markets</i>. 2nd ed. London: Pinter Publishers, 1994. Chapter 5.</li> </ul> <p><u>Further Reading:</u></p> <ul style="list-style-type: none"> <li>- Douglass North, "Institutions," <i>Journal of Economic Perspectives</i> 5, no. 1 (1991): 97–112.</li> </ul>	<p>Paper Topic #1 Announced</p>
<p>Week 3</p>	<p>Are Markets Efficient?</p> <ul style="list-style-type: none"> <li>- Burton Malkiel, <i>A Random Walk Down Wall Street</i> (New York, NY: W. W. Norton &amp; Company, 2003).</li> <li>- Stefan Leins, <i>Stories of Capitalism: Inside the Role of Financial Analysts</i> (Chicago, IL: University of Chicago Press, 2018). Chapters 1-2</li> <li>- Caitlin Zaloom, <i>Out of the Pits: Traders and Technology from Chicago to London</i> (Chicago, IL: University of Chicago Press, 2006).</li> <li>- Sarah Quinn, "The Transformation of Morals in Markets: Death, Benefits, and the Exchange of Life Insurance Policies," <i>American Journal of Sociology</i> 114, no. 3 (2008): 738–80.</li> </ul>	

Week 4	<p>Financialization</p> <ul style="list-style-type: none"> <li>- Greta R. Krippner, <i>Capitalizing on Crisis: The Political Origins of the Rise of Finance</i>. Cambridge, MA: Harvard University Press, 2011.</li> <li>- Gerald F. Davis and Suntae Kim, "Financialization of the Economy," <i>Annual Review of Sociology</i> 41, no. 1 (2015): 203–21.</li> </ul>	Short Paper #1 Due
<p><b><u>Part II: Can Governments Control Finance?</u></b></p> <p>Week 5</p>	<p>Where do Crises Come From?</p> <ul style="list-style-type: none"> <li>- Mark S. Copelovitch and David A. Singer, <i>Banks on the Brink: Global Capital, Securities Markets, and the Political Roots of Financial Crises</i>. Cambridge, UK: Cambridge University Press, 2020. Selections.</li> <li>- Charles W. Calomiris and Stephen H. Haber, <i>Fragile by Design: The Political Origins of Banking Crises and Scarce Credit</i>. Princeton, NJ: Princeton University Press, 2014.</li> <li>- Helios Herrera, Guillermo Ordoñez, and Christoph Trebesch, "Political Booms, Financial Crises," <i>Journal of Political Economy</i> 128, no. 2 (2020): 507–43.</li> <li>- Sarah Bauerle Danzman, W. Kindred Winecoff, and Thomas Oatley, "All Crises Are Global: Capital Cycles in an Imbalanced International Political Economy," <i>International Studies Quarterly</i> 61, no. 4 (December 2017): 907–23.</li> </ul> <p><u>Further Reading:</u></p> <ul style="list-style-type: none"> <li>- Charles P. Kindleberger and Robert Aliber. <i>Manias, Panics, and Crashes: A History of Financial Crises</i>. 7th ed. New York: Palgrave Macmillan, 2015.</li> </ul>	Short Paper #2 Introduced

Week 6	<p>The Politics of the Financial Crisis and Its Aftermath</p> <ul style="list-style-type: none"> <li>- Darrell Duffie, "Prone to Fail: The Pre-Crisis Financial System," <i>Journal of Economic Perspectives</i> 33, no. 1 (February 2019): 81–106.</li> <li>- Adam Tooze, <i>Crashed: How a Decade of Financial Crises Changed the World</i>. New York, NY: Penguin, 2018.</li> <li>- Carla Norrlof and Simon Reich, "American and Chinese Leadership during the Global Financial Crisis: Testing Kindleberger's Stabilization Functions," <i>International Area Studies Review</i> 18, no. 3 (September 1, 2015): 227–50.</li> <li>- David Aikman et al., "Would Macroprudential Regulation Have Prevented the Last Crisis?," <i>Journal of Economic Perspectives</i> 33, no. 1 (February 2019): 107–30.</li> </ul> <p><u>Further Reading:</u></p> <ul style="list-style-type: none"> <li>- Carmen Reinhart and Kenneth Rogoff. <i>This Time Is Different: Eight Centuries of Financial Folly</i>. Princeton, NJ: Princeton University Press, 2009.</li> <li>- Karen Ho, <i>Liquidated: An Ethnography of Wall Street</i> (Durham, NC: Duke University Press, 2009).</li> <li>- Eric Helleiner, <i>The Status Quo Crisis: Global Financial Governance After the 2008 Meltdown</i>. Oxford, UK: Oxford University Press, 2014.</li> <li>- Daniel Drezner, "The System Worked: Global Economic Governance During the Great Recession," <i>World Politics</i> 66, no. 1 (2014): 123–164.</li> </ul>	
Week 7	<p>Financial Regulation And Governance</p> <ul style="list-style-type: none"> <li>- Jeffry Frieden, "The Governance of International Finance," <i>Annual Review of Political Science</i> 19, no. 1 (2016): 33–48.</li> <li>- Emily Jones and Peter Knaack, "Global Financial Regulation: Shortcomings and Reform Options," <i>Global Policy</i> 10, no. 2 (2019): 193–206.</li> <li>- Sandra Suárez and Robin Kolodny, "Paving the Road to 'Too Big to Fail': Business Interests and the Politics of Financial Deregulation in the United States," <i>Politics &amp; Society</i> 39, no. 1 (2011): 74–102.</li> </ul> <p><u>Further Reading:</u></p> <ul style="list-style-type: none"> <li>- Stephen Bell and Andrew Hindmoor, <i>Masters of the Universe, Slaves of the Market</i>. Harvard University Press, 2015.</li> </ul>	

<p>Week 8</p>	<p>Capital Controls and The Threat of Exit</p> <ul style="list-style-type: none"> <li>- Layna Mosley, "Room to Move: International Financial Markets and National Welfare States." <i>International Organization</i> 54, no. 4 (2000): 737–73.</li> <li>- Sarah M. Brooks, "Explaining Capital Account Liberalization in Latin America: A Transitional Cost Approach." <i>World Politics</i> 56, no. 3 (2004): 389–430.</li> <li>- Amy Pond, "Financial Liberalization: Stable Autocracies and Constrained Democracies." <i>Comparative Political Studies</i> 51, no. 1 (2018): 105–35.</li> <li>- David A. Steinberg and Stephen C. Nelson. "The Mass Political Economy of Capital Controls." <i>Comparative Political Studies</i> 52, no. 11 (2019): 1575–1609.</li> </ul> <p>Further Reading</p> <ul style="list-style-type: none"> <li>- Cristina Bodea and Raymond Hicks. "International Finance and Central Bank Independence: Institutional Diffusion and the Flow and Cost of Capital." <i>The Journal of Politics</i> 77, no. 1 (2015): 268–84.</li> </ul>	<p>Short Paper #2 Due</p>
<p><b><u>Part III: Can Finance Control Governments?</u></b></p> <p>Week 9</p>	<p>Accountability and Expertise</p> <ul style="list-style-type: none"> <li>- Cornel Ban, Leonard Seabrooke, and Sarah Freitas, "Grey Matter in Shadow Banking: International Organizations and Expert Strategies in Global Financial Governance," <i>Review of International Political Economy</i> 23, no. 6 (2016): 1001–33.</li> <li>- Annelise Riles, <i>Financial Citizenship: Experts, Publics, and the Politics of Central Banking</i>. Ithaca, NY: Cornell University Press, 2018.</li> <li>- Erin Lockwood, "The Construction of Financial Authority" (Doctoral Dissertation, Northwestern University, 2017).</li> </ul>	<p>Short Paper #3 Introduced</p>

Week 10	<p>Sovereign Debt: Reputations and Rankings</p> <ul style="list-style-type: none"> <li>- Emily Beaulieu, Gary W. Cox, and Sebastian Saiegh. "Sovereign Debt and Regime Type: Reconsidering the Democratic Advantage." <i>International Organization</i> 66, no. 4 (October 2012): 709–38.</li> <li>- Sarah M. Brooks, Raphael Cunha, and Layna Mosley. "Categories, Creditworthiness, and Contagion: How Investors' Shortcuts Affect Sovereign Debt Markets." <i>International Studies Quarterly</i> 59, no. 3 (2015): 587–601.</li> <li>- Cristina Bodea and Raymond Hicks. "Sovereign Credit Ratings and Central Banks: Why Do Analysts Pay Attention to Institutions?" <i>Economics &amp; Politics</i> 30, no. 3 (2018): 340–65.</li> <li>- Jana Grittersová, "Foreign Banks and Sovereign Credit Ratings: Reputational Capital in Sovereign Debt Markets." <i>European Journal of International Relations</i> (2019).</li> </ul> <p><u>Further Reading:</u></p> <ul style="list-style-type: none"> <li>- Julia Gray, "International Organization as a Seal of Approval: European Union Accession and Investor Risk." <i>American Journal of Political Science</i> 53, no. 4 (2009): 931–49.</li> <li>- Odette Lineau, <i>Rethinking Sovereign Debt: Politics, Reputation, and Legitimacy in Modern Finance</i>. Cambridge, MA: Harvard University Press, 2014.</li> </ul>	
Week 11	<p>Sovereign Default</p> <ul style="list-style-type: none"> <li>- Jerome E. Roos, <i>Why Not Default?: The Political Economy of Sovereign Debt</i>. Princeton, NJ: Princeton University Press, 2019.</li> <li>- Rachel L. Wellhausen, "Investor-State Disputes: When Can Governments Break Contracts?" <i>Journal of Conflict Resolution</i> 59, no. 2 (2015): 239–61.</li> <li>- Matthew DiGiuseppe and Patrick E. Shea. "The Devil's Haircut: Investor–State Disputes over Debt Restructuring." <i>Journal of Conflict Resolution</i> 63, no. 8 (2019): 1889–1922.</li> <li>- Jonas B. Bunte, "Sovereign Lending after Debt Relief." <i>Review of International Political Economy</i> 25, no. 3 (2018): 317–39.</li> </ul>	

<p><b>Part IV: Contemporary Topics/Themes</b></p> <p>Week 12</p>	<p>Banking and Racial Politics</p> <ul style="list-style-type: none"> <li>- Caitlin Rosenthal, <i>Accounting for Slavery: Masters and Management</i>. Cambridge, MA: Harvard University Press, 2018.</li> <li>- Peter James Hudson, <i>Bankers and Empire: How Wall Street Colonized the Caribbean</i>. Chicago, IL: University of Chicago, 2017.</li> <li>- Mehrsa Baradaran, <i>The Color of Money: Black Banks and the Racial Wealth Gap</i>. Cambridge, MA: Harvard University Press, 2017.</li> </ul>	<p>Short Paper #3 Due</p>
<p>Week 13</p>	<p>Capital and Law</p> <ul style="list-style-type: none"> <li>- Katharina Pistor, <i>The Code of Capital: How the Law Creates Wealth and Inequality</i>. Princeton, NJ: Princeton University Press, 2019.</li> <li>- Ashley Thomas Lenihan, <i>Balancing Power without Weapons: State Intervention into Cross-Border Mergers and Acquisitions</i>. Cambridge, UK: Cambridge University Press, 2018.</li> </ul>	
<p>Week 14</p>	<p>Geopolitical Competition and Finance</p> <ul style="list-style-type: none"> <li>- Rosella Cappella Zielinski, <i>How States Pay for Wars</i>. Ithaca, NY: Cornell University Press, 2016. Introduction and Chapters 1-2.</li> <li>- Thomas Oatley, <i>The Political Economy of American Hegemony: Buildups, Booms, and Busts</i>. New York: Cambridge University Press, 2015.</li> </ul> <p><u>Further Reading:</u></p> <ul style="list-style-type: none"> <li>- Sarah Kreps, <i>Taxing Wars: The American Way of War Finance and the Decline of Democracy</i>. New York, NY: Oxford University Press, 2018.</li> <li>- Jennifer Siegel, <i>For Peace and Money: French and British Finance in the Service of Tsars and Commissars</i> (Oxford, UK: Oxford University Press, 2014).</li> </ul>	



## Assignments

Assignment	Description	Total Points
Short Paper #1 (Due Week 4)	For this short paper please answer the question distributed in Week 2 in <1500 words	100
Short Paper #2 (Due Week 8)	For this short paper please answer the question distributed in Week 5 in <1500 words	100
Short Paper #3 (Due Week 12)	For this short paper please answer the question distributed in Week 9 in <1500 words	100
Class Participation/Attendance	Class participation and attendance will be graded out of 50 points	50
Paper Revision (Due Week 14)	Rather than assign a final paper in this class, I ask that you select one of the short papers, revise it in light of instructor feedback, and re-submit it.	50
	Total Possible Points	400

## Grading

Your final grade will therefore be calculated as follows:

- Short Paper #1 (25%)
- Short Paper #2 (25%)
- Short Paper #3 (25%)
- Paper Revision (12.5%)
- Class participation/attendance (12.5%)

**Late Work Policy:**

The assignment schedule is set up to ensure timely and successful completion of this course. Turning in late work can jeopardize not only your grade, but also your ability to complete the course successfully. As such, I will deduct a third of a letter grade (e.g. B+ to B) for every day that an assignment is late.

Emergencies do come up, and this policy is not intended to further complicate an emergency situation. I will extend assignment deadlines and waive grade deductions if you can provide simple documentation of the nature of the emergency (e.g. doctor's note, travel plans for family emergency). The sole purpose of this documentation is to help me lobby for you, as needed, with department and university administration

**University policies:****University policy on observance of religious holidays**

In accordance with University policy, students should notify faculty during the first week of the semester of their intention to be absent from class on their day(s) of religious observance. For details and policy, see: [students.gwu.edu/accommodations-religious-holidays](http://students.gwu.edu/accommodations-religious-holidays).

**Academic integrity code**

Academic dishonesty is defined as cheating of any kind, including misrepresenting one's own work, taking credit for the work of others without crediting them and without appropriate authorization, and the fabrication of information. For details and complete code, see: [studentconduct.gwu.edu/code-academic-integrity](http://studentconduct.gwu.edu/code-academic-integrity)

**Safety and security**

In the case of an emergency, if at all possible, the class should shelter in place. If the building that the class is in is affected, follow the evacuation procedures for the building. After evacuation, seek shelter at a predetermined rendezvous location.

**Support for students outside the classroom:****Disability Support Services (DSS)**

Any student who may need an accommodation based on the potential impact of a disability should contact the Disability Support Services office at 202-994-8250 in the Rome Hall, Suite 102, to establish eligibility and to coordinate reasonable accommodations. For additional information see: [disabilitysupport.gwu.edu/](http://disabilitysupport.gwu.edu/)

**Mental Health Services 202-994-5300**

The University's Mental Health Services offers 24/7 assistance and referral to address students' personal, social, career, and study skills problems. Services for students include: crisis and emergency mental health consultations confidential assessment, counseling services (individual and small group), and referrals. For additional information see: [counselingcenter.gwu.edu/](http://counselingcenter.gwu.edu/)