

Globalization, Financial Crises and Development

Course code: KOZNXV4OG10

Course name : Globalization, Financial Crises and Development

Course name (Hungarian): Globalization, Financial Crises and Development

Number of hours per semester: 5 February – 7 May, 2019, Tuesdays in Room 330, main building/E, from 9.50 to 11.20 and 11.40 to 13.10

Credits: 6

Fall/Spring: Spring 2019

Language: English

Prerequisites:

Course type: Advanced course

Department: [Összehasonlító és Intézményi Gazdaságtan Tanszék](#)

Course leader: [Dr. Csaba László](#)

Course description: COURSE DESCRIPTION: This course in comparative political economy is offered to 4th and 5th year MA students as well as Erasmus exchange students, with a background in macroeconomics, international economics, comparative economics. The course is aimed at understanding the controversial causes and consequences of globalization, financial instability and reversals in the process of economic development. While adopting the perspective of emerging economies we interpret processes in a global context. The course is composed of lectures and seminars, the two may well not overlap. Familiarity with technical English and ability to make oral presentations in seminar in English do constitute prerequisites for taking this course.

Course requirements during the semester:

Examination requirements: This is a course which is being evaluated on the base of work during the

semester, i.e. grades will be announced on Friday, 9 May 2019, before the terms of exams begins. All assignments, such as presentations, essays, voluntary book reviews for grade enhancement etc must be concluded by that date, and should by no means procrastinate any farther.

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Failed midterm/final can be made up for by volunteering for book reviews. Volumes must come from the field and approved ex ante by the instructor, submitted until 8th May, 2019/Thursday. This also is a way to improve the grade you may otherwise earn.

Assessment, grading: Regular and active participation in each and every lecture and seminar- altogether 11 weeks or 22 occasions- is a precondition for being graded. Each participant is supposed to make one oral presentation/ from among the recommended reading, approved by the lecturer or the TA in the first to weeks/. Use printed handouts rather than PPP!
Seminar papers may be submitted electronically. In order to obtain the grade all three items need to be acquired, i.e the final grade results from the average of the following: 20 pc active participation, 20 pc seminar presentation, 30 pc midterm and 30 pc final term paper. There is no chance to save one assignment by overperforming a different one. Noshow at exam or presentation

time triggers a fail.

Since most articles are accessible online, we do not typically discuss required readings in class, unless positively demanded. Besides regular consultations with the TA my office hours should be used- at my other school, CEU at Akadémia utca 1, II.floor room 212, by pre- fixed appointment to manage points of clarifications and personal grievances. Advance registration via e-mail is necessary at: e-mail: csabal@ceu.edu The format of midterm and end-term papers is essay plus bull-point type of questions checking familiarity with lecture material and required readings, as well as of contents of seminar presentations. A passing grade requires 70 per cent of the maximum points attainable. Deadlines, grades and assignments can not be changed or negotiated. In case of force majeure, such as illness testified by a medical doctor, prior agreement of the instructor is required.

Practical matters other than these should be arranged with the administration of the Department/Ms Diána Horváth during office hours or by appointment// and with my TA, Mr Tamás Nyisztor. His availability is: nyisztortamas96@gmail.com

Aims, objectives and description of the course: AIM AND SCOPE: This course provides an introduction to the current

debates on global economic and financial processes and on the political economy of reforms in advanced and emerging economies. It does not have a classical basic textbook, but individual contributions to the literature, often taking conflicting positions. The latter are being processed mostly in an individual fashion, and recommended readings also in seminar discussions.

The basic aim is to acquaint those participating with the complexities and findings of cutting edge research on open ended processes. While background in econometrics and statistics is a plus, it is not a formal requirement to take this course, open to students of IR, political science, sociology and business studies as well. We aim to present useful knowledge distilled from more abstract papers, meaning the improvement of chances of participants to compete efficiently on the labor market.

Course schedule:

Learning outcomes: NOTES: From among the books mentioned individual chapters may be used for presentations. More than one chapter might be presented by different participants, in the same or subsequent occasions.

The source material is extremely diverse in terms of places, approaches and technical complexity. Please read typically one article per week, else it is impossible to digest. It is important to capture the main line of argumentation and able to reproduce the findings/conclusions by each author. Your individual judgement is best reflected in the essay, which may be normative and controversial. Also seminar discussions are encouraged, and critical commentary in the academic manner is positively encouraged. Opinions are typically not graded, but inability to present facts and figures, missing deadlines, or not adhering to academic standards/such as plagiarism and double submissions/ are.

Course assessment during the semester: Regular and active participation in each and every lecture and seminar- altogether 11 weeks or 22 occasions- is a precondition for being graded. Each participant is supposed to make one oral presentation/ from among the recommended reading, approved by the lecturer or the TA in the first two weeks/.

Seminar papers may be submitted electronically. In order to obtain the grade all three items need to be acquired, i.e. the final grade results from the average of the following: 20 pc active participation, 20 pc seminar presentation, 30 pc midterm and 30 pc final term paper. There is no chance to save one assignment by overperforming a different one. No-show at exam or presentation time triggers a fail.

Since most articles are accessible online, we do not typically discuss required readings in class, unless positively demanded. Besides regular consultations with the TA my office hours should be used- at my major school, CEU at Nádor 9, Faculty Tower 304 on Mo and We, 17-19- to manage points of clarifications and personal grievances of various sorts. Advance registration via e-mail is necessary at: e-mail: csabal@ceu.edu The format of midterm and end-term papers is essay plus bull-point type of questions checking familiarity with lecture material and required readings, as well as of contents of seminar presentations. A passing grade requires 70 per cent of the maximum points attainable.

Deadlines, grades and assignments can not be changed or negotiated. In case of force majeure, such as illness testified by a medical doctor, prior agreement of the instructor is required.

Practical matters other than these should be arranged with the administration of the Department/Ms Tünde Horváth during office hours or by appointment// and with my TA.

Assignments: This course provides an introduction to the current debates on global economic and financial processes and on the political economy of reforms in advanced and emerging economies. It does not have a classical basic textbook, but individual contributions to the literature, often taking conflicting positions. The latter are being processed mostly in an individual fashion, and recommended readings also in seminar discussions.

The basic aim is to acquaint those participating with the complexities and findings of cutting edge research on open ended processes. While background in econometrics and statistics is a plus, it is not a formal requirement to take this course, open to students of IR, political science, sociology and business studies as well. We aim to present useful

□ knowledge distilled from more abstract papers, meaning the improvement of chances of participants to compete efficiently on the labor market.

Program's name:

Readings:

Compulsory readings:

- 1. REQUIRED READINGS
- NOTE: Please read one or more article each and every week. Readings often do not overlap with lecture material, so as to minimize duplications. If you have doubts/questions, please raise those in the seminar/second half of the weekly occasion, or consult first with the TA and in worst case the instructor/via email. Main claims of these papers will be checked during the midterm and final quizzes.
- REFERENCE VOLUME: BLANCHARD,O. – RAJAN,R.-
- ROGOFF,K. – SUMMERS,L.EDS/2016/: Progress and Confusion.The MIT Press, Cambridge/Mass. – London, 2016.
- NOTE: This is not a required reading, but you will find an overview of major authors and issues related to the course. You may take any one chapter for seminar presentation except chapter 28, the 4 page conclusion.
- READINGS FOR THE FIRST SIX WEEKS/ one article or chapter of about 30 to 50 pages per week, standard MA workload at good schools/- all available at Corvinus Library, online or in printed version.
- 1/ DOCQUIER, F. – RAPOPORT, H./2012/: Globalization, brain drain and development. Journal of Economic Literature, vol.50.no.3.pp681-730.
- 2/ REINHART, C. – TREBESCH ,Ch./2016/: The IMF: 70 years of reinvention. Journal of Economic Perspectives, vol.30.no.1., pp3-28.
- 3/ POPOV,V.- JOMO,K.S./2018/: Are developing countries catching up? Cambridge Journal of Economics, vol.42.no.1.,pp33-46.
- 4/ RAVALLION,M./2018/: Inequality and globalization: a review essay. Journal of Economic Literature, vol.56.no.2.,pp620-642.
- 4
- 5/ O'ROURKE,K.H./2018/: Two great trade collapses: the interwar period and Great Recession compared. IMF Economic Review, vol.66.no.3.,pp418-439.
- 6/ GANG,F et al./2018/: Institutional reform and economic growth in China. Acta Oeconomica, vol.69.s.1.,pp 7-20.
- 7/ SHIN,Y./2018/: Finance and economic development in the very long run. Journal of Economic Literature, vol.56.no.4., pp1577-86.
- READINGS FOR THE SECOND FIVE WEEKS/typically one article or two short pieces per week/
- 7/ KURAN,T./2018/: islam and economic performance: historical and contemporary links. Journal of Economic Literature, vol.56.no.4.,pp1292-1359.
- 8/ COMMANDER,S./2017/: Accounting for failures to reform in the Arab world. Economics of Transition, vol.25.no.2.,pp 351-373.
- 9/ BALDWIN, R./2016/: The WTO and the future of multilateralism. Journal of Economic Perspectives, vol.30.no.1.,pp95-116

- 10/ DIAO,X.-Sh. -HARTTGEN,K.- McMILLAN,M./2017/: The changing structure of Africa's economies. World Bank Economic Review, vol.31.no.2.,pp385-411.
- 11/ KIMURA,F./2013/: Japan's model of economic development: relevant and non-relevant elements for developing economies. In: FOSU,A.ed: Development Success: Historical Accounts from More Advanced Economies. Oxford: Oxford University Press, pp 149-170.
- 12/SNOWER,D.et al/2009/: Globalization and the welfare state. Journal of Economic Literature, vol.47.no.1.pp136-158.
- 13/ CLEMENS,M. -KREMER,M./2016/: The new role for the World Bank. Journal of Economic Perspectives, vol.30.no.1., pp53-76.
- 5
- 14/ FRENKEL,J./2019/: Central banking, protectionism and globalization. Acta Oeconomica, vol.69.s.1., pp121-140.
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Recommended readings:

- NOTE: You may chose one for your seminar presentation and use the rest for the term paper/essay. The subject of the latter must be within the subject of the course, you choose it freely but has to be approved by the professor or theTA.It does NOT have to be from among the recommended readings, but those offer themselves to review in a trivial fashion.
- 1/ BAYOUMI,T./20217/: Unfinished Business: the Unexplored Causes of the Financial Crisis and the Lessons to be Learned.New Haven/CTLondon: Yale University Press, pp 185-255.
- 2/ CRUCES,G.ET.AL/2017/: Cross-country analysis of the growthemployment-poverty nexus. IN: CRUCES,G.et al eds: Growth, Employment and Poverty in Latin America. Oxford University Press, chapter 4- electronic resource available at CEU Library.
- 3/ RAVALLION, M./2016/: The Economics of Poverty. History, Measurement and Policy. Oxford-New York: Oxford University Press/take one chapter from 1 to 10/-availavle at CEU Library.
- 4/ PASSARI, E. - REY, H./2015/: Financial flows and the international monetary system. Economic Journal, vol.125.issue 584., pp675 -698.
- 5/ BERG,A. - OSTRY,J./2017/: Inequality and unsustainable growth: two sides of the same coin? IMF Economic Review, vol.65.no.4.,pp 792 - 815.
- 6/ MEYYERSON,E./2017/: Pious populists at the gate. A case study of economic development in Turkey under AKP. Economics of Transition, vol.25.no.2.,pp 271-312.
- 7/ LO, A.W./2012/: Reading about the financial crisis: a twenty-onebook review. Journal of Economic Literature, vol.50.no.1.pp151-178.
- 6
- 8/ FISCHER, S./2015/: The Federal Reserve and the global economy. IMF Economic Review, vol.63.no.1., pp 8-21
- 9/ ESTRIN,S.- PELLETIER,A./2018/: privatization in developing countries: what are the lessons of recent experience? World Bank Research Observer, vol.33.no.1.,pp65-102.
- 10/ GOZGOR,G.- RANJAN,P./2017/: Globalization, inequality and redistribution: theory and evidence. World Economy, vol.40.no.12., pp 2704-2751.
- 11/ BRANDT,L. - MA,D. - RAWSKI,Th./2014/: From divergence to convergence: re-evaluating history behind China's economic boom.

- Journal of Economic Literature, vol.52.no.1.pp45-123.
- 12/ CALOMIRIS, Ch. – KHAN, U./2015/: An assessment of the TARP assistance to financial institutions. Journal of Economic Perspectives, vol.29.no.2., pp53 -80.
- 13/ REINHART, C. – REINHART, V./2015/: Financial crises, development and growth: a long-term perspective. World Bank Economic Review, vol.29.suppl.1., S53 – S76.
- 14/ OBSTFELD,M./2012/: Does the current account deficit still matter? American Economic Review, vol.102.no.3.pp1-23.
- 15/ NORBAECK, P.-J. – PERSSON,L./2014/: Born-to-be global and the globalization process. The World Economy, vol.37.no.5.pp 672-689.
- 16/ BESLEY, T./2015/: Law, regulation and the business climate: the nature and influence of the World Bank Doing Business project. Journal of Economic Perspectives, vol.29.no.3., pp99 – 120.
- 17/ CHEN,K.et al./2018/: the nexus of monetary policy and shadow banking in China. American Economic Review, vol.108.no.12.,pp 3891-3936.
- 18/ RICZ,J./2017/: The rise and fall of the new developmental state in Brazil. Society and Economy, vol.39.no.1.,pp85-108.
- 7
- 19/ DOW,Sh./2017/: Central banking in the 21st century. Cambridge Journal of Economics, vol.41.no.6.,pp 1539- 1557.
- 20/ DJIMEU,E.W./2018/: The impact of Heavily Indebted Poor Countries initiative on growth and investment in Africa. World Development, vol.104/April, 2018/, pp 108-127/pre-publication, available via science direct.com
- 21/ MAZAHERI,N./2017/: Oil dissent and distribution. World Development, vol.99/November, 2017/, pp 186-202.
- 22/ HANNAH,E et al/2018/: The WTO in Buenos Aires. World Economy, vol.41.no.10, pp2578-98.
- 23/ La PORTA,R. – SHLEIFER,A./2014/: Informality and development. Journal of Economic Perspectives, vol.28.no.3. pp109 – 126.
- 24/ ROBERTS,K.M./2014/: The politics of inequality and redistribution in Latin America's post-adjustment era. In: CORNIA,G.A.ed: Falling Inequality in Latin America. Oxford-N.Y.: Oxford University Press, pp49-69/available at CEU Library/.
- 25/ DERCON,S./2014/: Is green growth good for the poor? World Bank Research Observer, vol.29.no.2.,pp163-185.
- 26/ LI,X. – McHALE,J. – ZHOU,X./2017/: Does brain drain lead to institutional gain? World Economy, vol.40.no.7.,pp 1454-1472.
- 27/ GOLUB,S.et al./2018/: Can Africa compete with China in manufacturing? World Economy, vol.41.no.6.,pp1508-1528.
- 28/ TANZI,V./2015/: Fiscal and monetary policies during the Great recession: a critical evaluation. Comparative Economic Studies, vol.57.no.2.,pp243-275.
- 29/CHEN,W.et al./2018/: Why is China investing in Africa? World Bank Economic Review, vol.32.no.3.,pp 610-632.
- 30/ PAGE,L.- PANDE,R./2018/: Ending global poverty – why money isn't enough. Journal of Economic Perspectives, vol.32.no.4.,173-200.
- 8
- 31/ KRAAY, A. – MCKENZIE,D./2014/: Do poverty traps exist? Assessing the evidence. Journal of Economic Perspectives, vol.28.no.3. pp127 – 148.
- 32/ WEDER,B. – WEDER,R./2013/: Switzerland's rise to a wealthy nation:competition and contestability as key factors. In: FOSU, A.ed:

- Development Success/op.cit/pp192-215/as req-reading 11/.
- 33/ CAROÉ,E.- L'OLLET,G./2018/: The literature on the financegrowth nexus in the aftermath of the financial crisis. Comparative Economic Studies, vol.60.no.1.,pp161-180.
- 34/ HARNAY,S. - SCIALOM,H./2016/: The influence of economic approaches to regulation on banking regulations. Cambridge Journal of Economics, vol.40.no.2.,pp401-426.
- 35/ BOHN,T.et al./2018/: The role of services in globalization. World Economy, vol.41.no.10.,pp 2732-49.
- 36/ OHANIAN,L.E./2017/: The great recession in the shadow of great depression. Journal of Economic Literature, vol.55.no.4.,pp 1583-1601.
- 37/de HAAN,J.et al/2018/: Central bank independence before and after the crisis. Comparative Economic Studies, vol.60.no.2., pp183-202.
- 38/ KLEIN,P.-O.et al/2018/: How sukuk shapes firm performance. World Economy, vol.41.no.3.,pp699-722.
- 39/ SIMON, H./2014/: Hidden champions: the vanguard of globalia. In: KOLODKO, G.W.ed.: Management and Economic Policy for Development. New York: Nova Science, pp33-52.
- 40/ DINIZ,A./2018/: Effects of fiscal consolidation in Latin America. IMF Economic Review, vol.66.no.4., pp 694-731.
- 41/ FOSTER,J./2016/: The Australian growth miracle. Cambridge Journal of Economics, vol.40.no.3.,pp871-894.
- 9
- 42/ McCLOSKEY,D./2014/: Measured, unmeasured, mismeasured and unjustified pessimism: a review essay of Thomas Piketty's 'Capital in the 21st century'. Erasmus Journal for Philosophy and Economics, vol.7.no.2., pp73-115 /open access, also available from the website of the author/.
- 43/ KERSTEN,R. -HARMS,J. - MAAS,K./2017/: Small firms, large impact? A systematic review of the SME finance literature. World Development, vol.97/Sept,2017/, pp 330-348.
- 44/ ESTRIN,S. - PELLETIER,A./2018/: privatization in developing countries: what are the lessons of recent experience? World Bank Research Observer, vol.33.no.1.,pp65-102.
- 45/ ASONGU,S. - NWACHUKWU,J.C./2017/: The impact of terrorism on governance in African countries. World Development,vol.99/Nov.,2017/, pp 253-270.
- 46/ KOLODKO,G.W./2018/: Socialism, capitalism or Chinism? Communist and Post-Communist Studies,vol.51.no.3., pp 285-298.
- 47/ GAWIN,L.- REBILLARD,C./2018/: Toward re-coupling? Assessing the impact of a Chinese hard landing through trade and commodity price channels. World Economy,vol.41.no.12.,pp 3379-3415.
- 48/ XU,G.-D./2015/: The institutional foundations of China's unbalanced economy. Europe-Asia Studies, vol.67.no.9., pp1351-1370.
- 49/WINIĘCKI, J./2016/: Shortcut or Piecemeal?Economic Development Strategies and Structural Change. Budapest-New York: CEU Press/take any one chapter, more than one student may take chapters if different/.
- 50/ NORRIS, W./2016/: Chinese Economic Statecraft. Ithaca: Cornell University Press.- available at CEU Library.
- 51/KURLANTZIK, J./2016/: State Capitalism: How the Return of Statism Is Transforming the World. Oxford-New York: Oxford University Press - available at CEU Library.
- 10
- 52/GUO, Y. - WOO, J.J., eds/2016/: Singapore and Switzerland: Secrets to Small State Success. New Jersey: World Scientific/take the chapter on

- banking for seminar presentation!/.
- 53/ TANZI,V./2018/: Rethinking Keynesianism 10 years after the global crisis. Acta Oeconomica, vol.68.s.2., pp 7-19.
- 54/ KOTLIKOFF,L./2018/: Misreading the crisis and applying the wrong fix. Acta Oeconomica, vol.68.s.2., pp 21-43.
- 55/ MOSLEY,P./2018/: Why has export diversification been so hard to achieve in Africa? World Economy, vol.41.no.4., pp 1025-1044.
- NOTES: From among the books mentioned individual chapters may be used for presentations. More than one chapter might be presented by different participants, in the same or subsequent occasions.
- The source material is extremely diverse in terms of places, approaches and technical complexity. Please read typically one article per week, else it is impossible to digest. It is important to capture the main line of argumentation and able to reproduce the findings/conclusions by each author. Your individual judgement is best reflected in the essay, which may be normative and controversial. Also seminar discussions are encouraged, and critical commentary in the academic manner is positively encouraged. Opinions are typically not graded, but inability to present facts and figures, missing deadlines, or not adhering to academic standards/such as plagiarism and double submissions/ are.

Course professor(s)/lecturer(s): [Dr. Csaba László](#)