Course Syllabus
International Relations IR-431 (37936)
Commercial and Financial Globalization-Trends, Challenges
University of Southern California
Spring 2017

Professor: Joshua Aizenman, Dockson Chair in Economics and International Relations
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Office: VKC 314
Office hours: Mon 10:00 – 11:30 and by appointment
Meeting: 8:30 - 9:50 am, Mon, Wen VKC 252

Course objectives: This course analyzes the patterns of trade and financial globalization in the 20th century and the recent decades, with a focus on the new challenges to globalization in the aftermath of the global financial crisis of 2008-9. The course will focus on the economic and the political factors determining the feasibility and the desirably of globalization, as well as the limits to globalization. Special focus will be put on the dynamics triggered by the Global Financial Crisis and Euro Crisis, Brexit, and the backlash against globalization.

Course Requirements

Participation 5 % Participation points are determined solely by the professor and will be calculated at the end of the semester. The participation includes also your class presentation of the outline of your research paper
Exam 1 FEB 22 30 %
Two page outline of your paper Due Date: March 5th, email to aizenman@usc.
Exam 2 Apr 12 25 %
Research Paper Due: May 3rd 40 %

The Research Paper should overview and explain critically the commercial and financial globalization experience of a country of your choice, in the context of the changing global economic architecture. The paper should be not more than 20 pages, 1.5 space of text (this does not include the cover page, extended abstract, figures, tables and list of references), Outline of your papers will be presented in class during the last 2 weeks. Papers turned-in should include the PP presentation of the paper.

Readings
As we deal mostly with current events, there is no proper textbook that covers all the relevant issue. Below find suggested books for background readings. We will use frequently columns and free ebooks accessible via VoxEu http://www.voxeu.org/, flagship publications of the IMF, the World Bank and the OECD, and selective blogs [current reading of http://www.econbrowser.com/ is recommended].

Background Readings

Recent ePubs:
This is how global trade can tackle both poverty and inequality Rodrik, 2016
Where machines could replace humans—and where they can’t (yet), McKinsey 2016
The surprising thing about the backlash against globalization Rodrik, 2016
Low for Long? Causes and Consequences of Persistently Low Interest Rates
Charles Bean, Christian Broda , Takatoshi Ito, Randall Kroszner, 2015
BRICS Trade Strategy: Time for a Rethink Evenett, 2015
Macroprudentialism Dirk Schoenmaker, 2014
Luigi Buttiglione, Philip Lane, Lucrezia Reichlin, Vincent Reinhart, 2014
Secular Stagnation: Facts, Causes and Cures Teulings and Baldwin, 2014
Disruptive technologies: Advances that will transform life, business, and the global economy, 2013

Tentative Schedule

Leamer, A Flat World, A Level Playing Field, a Small World After All, or None of the Above? 2007.
Bordo M. and Rousseau P. The finance-trade-growth nexus and lessons from the past , 2011
Aizenmna, Chinn, Ito Assessing the emerging global financial architecture: Measuring the trilemma’s configurations over time, 2009.
Rey, H., 2013, Dilemma not Trilemma: The global financial cycle and monetary policy independence
Aizenman, Chinn, Ito 2015 Monetary policy spillovers and the trilemma in the new normal: Periphery country sensitivity to core country conditions

Week 2-3: The economics and politics of trade and financial regimes, the linkages between trade and financial globalization
RO, Chapter 3, 4
FR, Chapter 12, 15, 16
Aizenman, Financial Opening and Development: Evidence and Policy Controversies, 2004
Rodrik, How Far Will International Economic Integration Go? 2010
Rodrik, Brexit and the Globalization Trilemma 2016
Rodrik, More on the political trilemma of the global economy, 2016

Week 4: The rise of Emerging Markets and China: from financial integration to financial fragility
RO Chapter 7, 8
EI Chapter 6
FR Chapter 16, 17, 18
Aizenman, Emerging markets 2012
Aizenman and Lee, 2007 "International Reserves: Precautionary versus Mercantilist Views."
Holmes, McGrattan, Prescott, Quid pro quo: Technology capital transfers for market access in China, 2012
Aizenman, Pinto, Managing financial integration and capital mobility, 2011
Aizenman, *Chinese outwards mercantilism*, 2015
Bai, Hsieh, Song, *Crony capitalism with Chinese characteristics*, 2014
Lardy, *No Need to Panic, China's Banks Are in Pretty Good Shape*, 2016

**Weeks 5-8: The Global Financial Crisis, the Euro Crisis.**
RO Chapter 10, 11
Gourinchas, Obstfeld, *Understanding past and future financial crises*, 2015
Rogoff, *Debt supercycle, not secular stagnation*, 2015
Paul De Grauwe *The European Central Bank as a lender of last resort*, 2011
Jean Pisani-Ferry *The euro crisis and the new impossible trinity* 2012
Jean Pisani-Ferry *The Eurozone’s Zeno paradox – and how to solve it*, 2016
Teulings, Baldwin *Secular Stagnation: Facts, Causes and Cures* 2014
Rey, Dilemma not Trilemma: The global financial cycle and monetary policy independence, 2013
Aizenman, Chinn, Ito, *Monetary policy spillovers and the trilemma in the new normal: Periphery country sensitivity to core country conditions*, 2015
Frankel, J. *International Coordination NBER WP*, 2016

FR Chapter 15, 16
Week 6 (11/13 February): Globalization and Governance challenges
RO Chapter 9, 10
ST Chapter 1, 2
EI Chapter 6, 7
FR Chapter 20
FR Chapter 15, 16
Solow, R. *Everything you need to know about 'Capital in the Twenty-First Century',* 2014
Milanovic, *The greatest reshuffle of individual incomes since the Industrial Revolution*, 2016
Rodrik, *The surprising thing about the backlash against globalization* 2016
Milanovic, *Income inequality and citizenship: Quantifying the link*, 2015
Evenett and Fritz,*The Tide Turns? Trade, Protectionism, and Slowing Global Growth* 2015
Milanovic, *The greatest reshuffle of individual incomes since the Industrial Revolution*, 2016
Rodrik, *This is how global trade can tackle both poverty and inequality* 2016
Rodrik, *The surprising thing about the backlash against globalization* 2016
Milanovic, *Income inequality and citizenship: Quantifying the link*, 2015
Rodrik, *This is how global trade can tackle both poverty and inequality* 2016

**Weeks 13-15 Students presentations**

Final paper: due May 4

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**Administrative Rules:**

**Incomplete Grades** Remember, the University says there are no incompletes unless you have a medical excuse or a family tragedy.

**Grades:** Grades will not be changed unless there are clear errors in computation or interpretation of your answers.

##### Statement on Academic Conduct and Support Systems

**Academic Conduct**

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in *SCampus* in Part B, Section 11, “Behavior Violating University Standards” [https://policy.usc.edu/student/scampus/part-b](https://policy.usc.edu/student/scampus/part-b). Other forms of academic dishonesty are equally unacceptable. See additional information in *SCampus* and university policies on scientific misconduct, [http://policy.usc.edu/scientific-misconduct](http://policy.usc.edu/scientific-misconduct).

Discrimination, sexual assault, intimate partner violence, stalking, and harassment are prohibited by the university. You are encouraged to report all incidents to the Office of Equity and Diversity/Title IX Office [http://equity.usc.edu](http://equity.usc.edu) and/or to the Department of Public Safety [http://dps.usc.edu](http://dps.usc.edu). This is important for the health and safety of the whole USC community. Faculty and staff must report any information regarding an incident to the Title IX Coordinator who will provide outreach and information to the affected party. The sexual assault resource center webpage [http://sarc.usc.edu](http://sarc.usc.edu) fully describes reporting options. Relationship and Sexual Violence Services [https://engemannshc.usc.edu/rsvp](https://engemannshc.usc.edu/rsvp) provides 24/7 confidential support.

**Support Systems**

A number of USC’s schools provide support for students who need help with scholarly writing. Check with your advisor or program staff to find out more. Students whose primary language is not English should check with the American Language Institute [http://ali.usc.edu](http://ali.usc.edu), which sponsors courses and workshops specifically for international graduate students. The Office of Disability Services and Programs [http://dsp.usc.edu](http://dsp.usc.edu) provides certification for students with disabilities and helps arrange the relevant accommodations. If an officially declared emergency makes travel to campus infeasible, USC Emergency Information [http://emergency.usc.edu](http://emergency.usc.edu) will provide safety and other updates, including ways in which instruction will be continued by means of Blackboard, teleconferencing, and other technology.