

CET Syllabus of Term



Program: CET Prague

Course Title: World Financial Institutions and Markets

Course Code: CE340

Total Hours: 45

Recommended Credits: 3

Suggested Cross Listings: Economics, Sociology, Political Science

Language of Instruction: English

Prerequisites/Requirements: Introductory Economics course. Open to CET Prague students in all terms

Professor: Tomáš Evan, Ph.D.

Email: tomji@volny.cz

Class Schedule: Tuesday 16:15-19:15

Description of the course

This course introduces the basics of the evolution of financial institutions and markets around the world. The course uses economic, sociological and political lenses to contextualize the state of financial institutions and markets against a background of 20th century political development and history, and the current state of major world economic centers. The course examines main economic issues related to finance, markets and macroeconomic policies during the second wave globalization post-WWII.

- Part I of the course covers the rebuilding of the world economy after 1945. It analyzes the establishment of the economic order which gave foundation to the new era – Pax Americana.
- Part II provides an explanation of the impact of the two oil shocks on the rebuilt world economy in the 1970s, and deals with the origins and present state of European economic integration and the inevitability of the fall of the Communist regime in Central and Eastern Europe. It also analyzes the financial crisis of the 1990s in Mexico, Brazil, East Asia and Argentina.
- Part III provides a brief introduction of contemporary major world economic centers, namely the United States, Japan, China and the EU. It also aims to introduce the challenges of the real political and business environment.

Objectives

The aim of this course is to develop students' understanding of financial institutions and markets from 1945 to the present in the context of important international events. Specifically, by the end of the course, students are able to:

- Connect real events with economic and sociological theory.
- Employ the analytical methods of economics to formulate relevant questions about financial institutions and markets.
- Locate data/information sources relevant to the problem under consideration and/or which support a particular point of view.
- Understand the origin and development of financial institutions and their functioning.
- Understand origins and principle of multinational corporations (MNCs) and foreign direct investment (FDIs)

CET Academic Programs | 1155 Connecticut Ave NW, Suite 300 | Washington, DC 20036
www.cetacademicprograms.com | 1.800.225.4262 | cet@cetacademicprograms.com

CET Syllabus of Term

- Understand the background of macroeconomic policies and events.
- Understand the goals and tools of fiscal and monetary policies.
- Understand international linkages between economies.

Course Method & Requirements

Course readings average 40 to 80 pages per session and should be completed before class. Students are not expected to merely sit and take notes in class. "Iron sharpens iron" and real knowledge is not born from memorizing passive knowledge but instead from active dialogue. Thus emphasis is placed on active participation during class sessions.

Methods of Evaluation

Active class participation/attendance – discussion of readings	10%
HW – notes from reading	10%
Working paper + presentation of results	25% + 5%
Test – midterm	20%
Test - final	30%
Total	100%

Active class participation

The course will be conducted through a combination of lectures and in-class discussions. There will normally be a formal in-class lecture, followed by a discussion of the central issues and required readings for case studies. Students are expected to complete all the required readings prior to each class and come to class prepared to participate fully in the discussions.

Students will read the texts required for each lesson and discuss them in the class. Lively discussion is expected. Students should ask anything that is not clear enough, bring their own ideas, and participate actively in the program of the course.

At the beginning students are granted 5 points (on a 100 point scale). They lose 1 point for each absence or inability to participate in discussions. Readiness to answer questions raised in the class gives the student extra points, to a maximum of 10 point.

Homework – notes from readings

Students prepare memos as a base for class discussion. The memos should be about half of a page (1500 characters) and stem from readings presented. The overall content of the reading and keynotes should be included. Every required reading should have a separate memo. The prepared memos will be graded twice during the semester.

Working paper + presentation of results

CET Syllabus of Term

A 10-page structured working paper (WP) should be written according to a Short Guide (to be provided by the course instructor). The topic and hypothesis of the WP should be related to one of the weekly topics in this syllabus. One class will be specifically dedicated to the structure and methods that should be used. During this class students will be also given examples of an A-grade project, as well as a list of common errors to avoid.

Exams

Written mid-term exam: mix of approximately 20 multiple choice and open-ended questions

Written final exam: mix of approximately 30 multiple choice and open-ended questions

Grading

Qualitative

Grade A: To gain an A grade, you will have met all the criteria for a B. Moreover, you will demonstrate a sophisticated understanding of the topic and critical engagement with the relevant literature. The work should have intellectual coherence and originality of argument.

Grade B: You will be awarded a B if you have produced a focused and well-researched piece of work which demonstrates a good understanding of the topic. You will have constructed a clear piece of analysis which uses relevant examples and demonstrates engagement with the theoretical issues.

Grade C: You will be awarded a C if you demonstrate that you have gone beyond lecture notes and used some relevant examples and academic sources to produce a clear argument that shows an understanding of the key aspects of the topic.

Grade D: You will be awarded a D if you have demonstrated some knowledge of the topic and evidence of having used at least two secondary sources. However, you will have based your essay largely on lecture notes and failed to develop an original answer to the question.

Grading scale

A:	93-100%	C+:	77-79%
A-:	90-92%	C:	73-76%
B+:	87-89%	C-:	70-72%
B:	83-86%	D+:	67-69%
B-:	80-82%	D:	60-66%
		F:	59% and below

Attendance Policy

Mandatory attendance is a primary requirement for a responsible learning experience. Please consider that every absence has the potential to lower the final grade, as it may affect the “attendance and participation” portion of your grade or result in missing key information that could appear on quizzes or exams. In addition, professors take attendance at the beginning of the class. If you are more than 10 minutes late,

CET Syllabus of Term

professors mark one hour of absence from class. Onsite visits count as regular class hours. A no-show to a site visit counts as an absence. Detailed information about the Attendance you will find in the **CET Prague Academic Policies**

Primary Texts (selected chapters)

Goldstein, J.S.-Pevehouse, J.C.: International Relations, 7th Ed., 2006.
Mishkin, F.S.: The Economics of Money, Banking and Financial Markets, 7th Ed. Update, 2004.
Evan, T.: Chapters of European Economic History, Karolinum Press, Prague, 2014.
Giddens, A., Sociology, 6th Ed., Polity Press, 2009.

Supplementary Texts

S. Estrin (1991): Yugoslavia: The Case of Self-Managing Market Socialism. The Journal of Economic Perspectives, Vol. 5, No. 4 (Autumn 1991), pp. 187-194.
J. von Hagen, R.R. Strauch, G. Wolff (2002): East Germany: Transition with Unification, Experiment and Experiences. ZEI working paper B19/2002.
B. Hofman, J. Wu (2009): Explaining China's Development and Reforms. The International Bank for Reconstruction and Development / The World Bank, Working paper No. 50, 2009.
Ch. Romer, "The Great Crash and the Onset of the Great Depression," Quarterly Journal of Economics 104 (1990), pp. 719-736.
D.A.Irwin, "[Did France Cause the Great Depression?](#)", NBER Working Paper 16350, 2010.
Lant Pritchett, "Divergence, Big Time," Journal of Economic Perspectives XX (1997), pp. 3-17.
T. Evan (2010): Some issues of Political Economics of Multinational Corporations, Acta Oeconomica Pragensia 4/10, VŠE, Praha 2010, s. 32-43.
T. Evan and P. Vozarova, Influence of women workforce participation and pensions on total fertility rate, forthcoming 4Q/2017.
J. Williamson, "Globalization, Convergence, and History," Journal of Economic History 56 (1996), pp. 227-306.
Jan de Vries, "The Limits of Globalization in the Early Modern World," Economic History Review 63 (3, 2010), pp. 710-33.
Richard Baldwin and Philippe Martin, "Two Waves of Globalization: Superficial Similarities, Fundamental Differences," NBER Working Paper no.6904 (January 1999).
Barry Eichengreen and Michael Bordo, "Crises Now and Then: What Lessons from the Last Era of Financial Globalization?" NBER Working Paper no. 8716 (January 2002).
M.-L. Lavigne, The Economics of Transition: From Socialist Economy to Market Economy, New York: Palgrave, 1999.
Economic news, articles, maps and videos discussed on lectures.

Course Schedule

Note: Fall/Spring students cover approximately one topic each week.

Week 1: Tuesday 30.1.2018

Topic 1: Introduction, Overview of course and syllabus, Definition of terms; World before global economy, Economic

CET Syllabus of Term

liberalism, Globalization and convergence of income, what was and what is a market?

Readings:

- Evan, ch.1
- Giddens, ch.1 (What is sociology?) and ch.2 (Asking and answering sociological knowledge)
- Williamson, Jeffrey: "Globalization, Convergence, and History," Journal of Economic History 56 (1996), pp. 227-306. <http://www.jstor.org/stable/2123967>
- Vries, Jan de: "The Limits of Globalization in the Early Modern World," Economic History Review 63 (3, 2010), pp. 710-33. <http://www.jstor.org/stable/40929823>
- Selection of maps

Week 2: Tuesday 6.2.2018

Topic 2: World before global economy – establishing financial institutions and markets, From the first wave of globalization to the end of European economic dominance (i.e. World War I and the interwar period)

Readings:

- Evan, ch.2
- Romer, Christina: "The Great Crash and the Onset of the Great Depression," Quarterly Journal of Economics 104 (1990), pp. 719-736. <http://www.jstor.org/stable/10.2307/2937892>
- Irwin, Douglas A: "[Did France Cause the Great Depression?](http://www.nber.org/papers/w16350)", NBER Working Paper 16350, 2010. <http://www.nber.org/papers/w16350>
- Pritchett, Lant: "Divergence, Big Time," Journal of Economic Perspectives XX (1997), pp. 3-17. <http://www.jstor.org/stable/2138181>

Week 3: Tuesday 13.2.2018

Topic 3: Rebuilding the world economy after 1945: Origins of contemporary world financial institutions (WB, IMF, GATT), International Division of Labour

Readings:

- Evan, ch.3.1 and 3.2
- Giddens, ch.20 (Work and economic life)

Week 4: Tuesday 20.2.2018

Topic 4: Modern organisations and influence of MNCs, Internalisation of financial markets, and second wave of globalisation: Pax Americana

Readings:

- Evan, ch.3.3
- Giddens, ch.18 (Organizations and Networks)
- Baldwin, Richard and Martin, Philippe: "Two Waves of Globalization: Superficial Similarities, Fundamental Differences," NBER Working Paper no.6904 (January 1999). <http://www.nber.org/papers/w6904>.

CET Syllabus of Term

- Eichengreen, Barry and Bordo, Michael: "Crises Now and Then: What Lessons from the Last Era of Financial Globalization?" NBER Working Paper no. 8716 (January 2002). <http://www.nber.org/papers/w8716>

Week 5: Tuesday 27.2.2018

Topic 5: Regional economic integration - the case of Europe, the road from free trade zone to economic union – the beginning; **PC-lab WP preparation**

Readings:

- Evan, ch.3.5
- Powerpoint presentation: Regional economic integration
- Selection of maps
- Working paper guides

Week 6: Tuesday 6.3.2018

Topic 6: Decolonization and the Third World markets, Emerging markets: Africa

Readings:

- Evan, ch.3.4

Review

Week 7: Tuesday 13.3.2018

Midterm exam

Topic 7: World before and after oil crisis of 1973: end of Golden Standard, World before and after Oil Crises of 1973 and 1979 – the end of Golden Standard

Readings:

- Evan, ch.3.6
- Mishkin, F.S.: The Economics of Money, Banking and Financial Markets, 7th Ed. Update, 2004, pp. 467-483.

Week 8: Tuesday 27.3.2018

Topic 8: Global change as a sociological issue, Origins of international mobility of capital: from banks to MNCs and FDI in 1980s; What is FPI and FDI?

Readings:

- Evan, ch.3.7
- Giddens, ch.4 (Globalization and the Changing World)
- Powerpoint presentation: FDI

CET Syllabus of Term

Week 9: Tuesday 10.4.2018

Topic 9: Governments and political power, Countries of Eastern block before and after its fall; The Rise and Performance of the Socialist Centrally Planned Economies (the cases of Soviet and National Socialist planning), the surprisingly similar economic policies of those regimes; The end of the socialist economies and transition strategies (Shock Therapy vs. Gradualism Approach), Why was the speed essential? What is it market liberalization and macroeconomic stabilisation?

Readings:

- Evan, 4.1 and 4.2
- Giddens, ch.22 (Politics, Government and Social Movements)
- Temin, P. : Soviet and Nazi economic planning in the 1930s. Economic History Review, XLIV, 4 (1991), pp. 573-593. http://www.jstor.org/stable/2597802?seq=1#page_scan_tab_contents
- The End of the System, Chapter 6 in Lavigne, M.-L.: The Economics of Transition: From Socialist Economy to Market Economy, New York: Palgrave, 1999
- Macroeconomic Stabilisation, Chapter 7 in Lavigne, M.-L.: The Economics of Transition: From Socialist Economy to Market Economy, New York: Palgrave, 1999 (only to page 121 included)

Week 10: Tuesday 17.4.2018

Topic 10: The shortest transition - the East Germany Case; Privatization Methods and Strategies; what are the positives and what are the negatives when someone else is paying for your transition? Liberalisation of capital movement regimes, Financial institutions and International mobility of capital and financial crisis of 1990s (Mexico, Brazil, East Asia, Argentina)

Readings:

- Evan, ch.4.3
- Hagen, J. von, Strauch, R.R., Wolff, G.: East Germany: Transition with Unification, Experiment and Experiences. ZEI working paper B19/2002. <https://ideas.repec.org/p/cpr/ceprdp/2386.html>

Week 11: Tuesday 24.4.2018

Topic 11: the case of Europe – the problems of economic union: European Monetary Union and EU macroeconomic policies, declining labour force and fertility rates

Readings:

- Evan, ch.4.4
- Goldstein, J.S.-Pevehouse, J.C.: International Relations, 7th Ed., 2006, pp. 377-393.
- Evan, T. - Vozarova, P.: Influence of women workforce participation and pensions on total fertility rate, forthcoming 4Q/2017.
- Web sources: Greek financial crisis explained, Saving a Bad marriage

Week 12: Tuesday 1.5.2018 – Have your WP ready!!!

Topic 12: Major world economy centres at the dawn of the 21st century: USA and NAFTA, Japan and APEC, China;

CET Syllabus of Term

The longest transition – reforms of Chinese economy since 1978; China reforms are the slowest of all reforming countries. Why? What is yet to be done with China economy?

Readings:

- Evan, ch.5
- The Chinese Economy since 1978 – Chapter 17 in Angresano: Comparative Economics (2nd Edition), Prentice Hall, 1996.
- Hofman, B., Wu, J.: Explaining China's Development and Reforms. The International Bank for Reconstruction and Development / The World Bank, Working paper No. 50, 2009.
http://siteresources.worldbank.org/EXTPREMNET/Resources/489960-1338997241035/Growth_Commission_Working_Paper_50_Explaining_China_Development_Reforms.pdf

Review

Week 13: Tuesday 8.5.2018

Presentation of the WP, Finals