

## Syllabus

**Course code:** KOZNXV4OG10

**Course name:** Globalization, Financial Crises and Development

**Number of credits:** 6 ECTS

**Course leader:** prof. László Csaba

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.

**Semester:** Spring

**Prerequisites:** none

**Course content:** DETAILED SCHEDULE OF CLASSES

1. a/ Introduction, course requirements.  
b/ Globalization and global problems as subjects of economic analysis
2. Financial globalization: its emergence and heydays. The Great Depression and its aftermath.
3. no class/overseas commitment 11
4. The changing role of the IMF and the World Bank in managing the global financial system
5. Constructing a Keynesian financial architecture: Bretton Woods, its collapse and the non-system after 1979
6. Financial crises in the global economy: history, theory and experiences. Commonalities and differences of subsequent crises in the post-1979 period.
7. The Great Recession of 2007-2009: triggers, management and the 'new normal' 7. 20th March, 2020: Midterm quiz/closed book, lecture and required readings material, also seminar discussions/presentations/MISSING THE MIDTERM IMPLIES AUTOMATIC FAIL.
8. The Great Recession of 2007-09: triggers, /mis/-management and the 'new normal' 9. 3d April, 2020: Trade globalization and its institutions. From GATT to WTO- and beyond to TTIP? The impact of the Trump Presidency and new bilateralism 10. 10th April, 2020: Good Friday/public holiday in Hungary
11. Globalization and the welfare state: a race to the bottom?
12. The new normal: transition to a new policy paradigm in macroeconomics?
13. FINAL QUIZ!/closed book, facts and figures, as at midterm/

## Compulsory and recommended literature:

### 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.

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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.

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14/ FRENKEL,J./2019/: Central banking, protectionism and globalization. Acta Oeconomica, vol.69.s.1., pp121-140.

Recommended readings:NOTE: You may choose 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./2017/: Unfinished Business: the Unexplored Causes of the Financial Crisis and the Lessons to be Learned. New Haven/CT London: Yale University Press, pp 185-255.
- 2/ CRUCES,G.ET.AL/2017/: Cross-country analysis of the growth-employment-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/-available 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/ MEYERSON,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/ MAZAHARI,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/WINIECKI, 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.

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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.