

**University of Toronto**  
**Faculty of Arts and Science**  
**Department of Political Science**

**POL380, Topics in International Politics: The Politics of Global Finance**

**Instructor:** William O'Connell

**Email:** [william.oconnell@mail.utoronto.ca](mailto:william.oconnell@mail.utoronto.ca)

**Lecture:** Tuesday/Thursday, 6:00-8:00pm, UC 256

**Office Hours:** Tuesdays, 4:30-6:00pm, SS3007 (live); Thursdays, 9:00-10:00am, (zoom)

**Course description**

This course investigates the politics of global financial integration. The massive expansion of financial markets has been both a catalyst and consequence of globalization, a source of cooperation and conflict among countries and classes, and an engine of growth and a location of crisis in the global economy.

The course is divided into three parts. The first part focuses on the history and theory of global finance: how does the “plumbing” of the financial system function? Who are the relevant actors? How did we come to develop the system we have today? This section will discuss the economics of capital mobility, the relationship between financial crises and fascism, and the rise and fall of the Bretton Woods system established after World War II. The second part focuses on the 2008 crisis as a transformative event: what precipitated this crisis? How did “contagion” spread across the globe? What lessons did we learn? This section will review what happened in 2008, how states have (and have not!) harmonized cross-border financial regulation, and the challenge of European integration. The third part focuses on contemporary issues in global finance: what role does finance play in contemporary gender and post-colonial politics? To what extent are financial and security issues interlinked? What is “Web3” and “decentralized finance”? This section will discuss the relationship between financial markets and gender, weaponized interdependence, new perspectives on development, and the rise of “asset manager capitalism”.

Financial markets are notoriously complex - often by design - and, accordingly, this course will cover a lot of ground, drawing from political science, economics, history, and sociology. By the end of the semester students will have a basic understanding of how financial markets are governed, how financial crises occur and are managed, and the myriad ways in which finance exerts influence on contemporary global politics.

**Prerequisites**

There are no formal prerequisites for this course, but some background in international relations (e.g. POL208) and/or economics (e.g. ECO100) would be helpful.

## Assignments

*Participation (15%)*

*Take home exam 1 (30%) Due July 21*

*Take home exam 2 (30%) Due August 4*

*Take home exam 3 (25%) Due August 14*

## Assignments description

Participation entails three components: attendance, involvement in discussions, and active listening. Attendance is self-explanatory – you need to be physically present. Participating in discussions involves asking questions, answering the questions of your peers, and, crucially, drawing off the reading material. Quality is more important than quantity. Active listening is also essential – a discussion is not simply waiting for your turn to make a comment. In fact, you do not have to be speaking constantly to be a meaningful participant. Instead, a clear demonstration of active listening involves signalling through body language, note taking, etc. that you are paying attention to the interventions of your classmates.

There are three take home exams, corresponding to each subsection of the course. You will have a week to complete them. The exams will be comprised of several prompts for you to discuss topics we have covered, drawing from lectures and the required readings.

Should you wish to appeal your grade, you may contact me via email with an approximately 200-word explanation of why you feel your assignment was not graded appropriately. I enforce a 24-hour cooling period following the release of grades before an appeal may be requested. Appeals made before this will not be considered. Before requesting an appeal, you are strongly encouraged to email me asking for additional clarification or to make use of my office hours to discuss your assignment.

## Due dates, extensions, and late policies

Assignments are due at 11:59pm on the specified date. -5% will be deducted per day for work handed in after the deadline. Extensions will ***only*** be granted in the event of unforeseeable circumstances (e.g. mental or physical health issue, family emergency, etc.), a commitment exogenous to your own time management (e.g. religious observance), or for a documented accessibility reason. Extensions ***will not be granted*** for computer related problems (be sure to back up your work!) ***or*** deadlines for other courses (since you are given the above deadlines well in advance) ***or*** external work commitments. Extension requests are more likely to be accepted if made in advance. Extension requests made after the deadline are less likely to be accepted.

## Will the lectures be recorded?

No. Slides will be posted online in advance of each session to facilitate studying and note taking but lectures ***will not be recorded***. Accordingly, you are expected to be in class, in

person, for each session. In the event you are unable to attend, be sure to do the reading, take appropriate notes, review the slides, and ask your classmates about any material you may have missed.

Lecture content is proprietary and, accordingly, you may not record, photograph, or reproduce the lecture or discussions yourself without the written consent of the instructor. Failure to obtain this consent is a copyright violation and is prohibited.

## **Readings and other material (e.g. movies!)**

You are expected to come to class having done the required reading (and/or required viewing) listed for each week. Doing so is essential for ensuring you are able to keep up with the lectures, participate in discussions, and perform well on assignments. For your convenience, copies of every reading will be made available on Quercus and the vast majority are also available online for free, either through the U of T library system or via a quick Google search. Readings will be drawn from a variety of sources, including political science, economics, history, sociology, and popular media.

In addition to reading, there are a couple of weeks which will ask you to watch a movie or documentary. *Wall Street* (1987) and *Inside Job* (2010) are available to stream for free via the U of T library website<sup>1</sup>. They can also be accessed through various paid streaming services, as can *The Big Short* (2015).

## **Office hours**

My office hours are listed above. I strongly encourage you to make use of them. Note that one hour a week will be in-person, and one hour will be virtual, via Zoom. A sign-up sheet will be posted on Quercus in 10-minute blocks during the specified times. I may hold additional office hours near assignment due dates – I will post about these on Quercus. I will not schedule ad hoc appointments to discuss course content.

Outside of the context of the course, I am also happy to discuss grad school, careers in the public service, or undergrad theses in political economy or international relations. You are welcome to attend office hours to discuss these matters (though ideally not before major assignments when demand is high).

## **Communications**

Beyond my office hours, I am available via email. I will do my best to respond within 24 hours on weekdays. I usually check my email on weekends but I make no guarantees that I will respond before Monday. Note that this means if you email me the day an assignment is due you are unlikely to receive a response before the deadline.

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<sup>1</sup> Yes, the library has a streaming service. The catalogue is huge and is great if your usual streaming services do not have the movie or show you want to watch. They also have board games and video games! The Toronto Public Library has all of these things as well.

Please email me from your UofT account otherwise it may end up in my spam folder, in which case I will not see it and will not reply, and please put the course code in the subject line. **Do not** message me via the Quercus system. Email me directly.

Before emailing me, please check the syllabus and any assignment-related documents posted on Quercus as often the answers to your questions will be there.

## **Academic dishonesty**

Students are expected to understand and comply with the University's [Code of Behaviour on Academic Matters](#). Additional information on the Code and strategies to avoid violations are provided here: <https://www.academicintegrity.utoronto.ca/>. Academic dishonesty is a serious offense and the consequences, as noted in the Code, can be severe. A few high-level considerations:

*The most common violations are presenting others' work as your own, copying material directly from sources without proper citation, insufficiently paraphrasing material that is cited but not quoted, and using the same material for multiple assignments without prior discussion with the instructor.*

*Ignorance of the rules is not an excuse, nor is a lack of intent. It is your responsibility to know the rules and to adhere to them. If you have any questions do not hesitate to reach out and/or to consult the above website.*

*The use of **any** generative AI technology for **any** component of your course work is strictly prohibited and will be considered a violation of the Code by the instructor.*

Normally, students will be required to submit their course essays to the University's plagiarism detection tool for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the tool's reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of this tool are described on the Centre for Teaching Support & Innovation web site (<https://uoft.me/pdt-faq>).

## **Accessibility**

I intend for this course to be an inclusive and accessible space. If you have an accessibility consideration that may require accommodation, please refer to [Accessibility Services](#). I recognize that sometimes the wait for Accessibility Services appointments can be quite long or circumstances that require accommodation may be temporary in nature. If you do not have official documentation but have accessibility-related concerns you are encouraged to discuss those with me.

## Part I: History and Theory

### Session One, July 4: Course structure and content; life under financial capitalism

*This session will provide an overview of the course and will set the stage for the semester by discussing some contemporary policy issues and their relationship to the world of global finance. Among these issues will be the ongoing housing crisis, inflation, and the failures of Silicon Valley Bank and Credit Suisse.*

#### Reading:

None

### Session Two, July 6: A brief lesson in macroeconomics

*This session will provide an overview of the economic theory of global finance. We will focus primarily on the monetary policy trilemma and the broader relationship between interest rates, exchange rates, and capital flows, as well as the relationship between bureaucratic management of the economy and democratic accountability. This session will be more technical than the rest but it provides a necessary foundation for analyzing the political issues that will be discussed during the remainder of the course.*

#### Reading:

Obstfeld, Maurice, Jay C. Shambaugh, and Alan M. Taylor. 2005. "The trilemma in history: Tradeoffs among exchange rates, monetary policies, and capital mobility". *The Review of Economics and Statistics*. 87(3): 423-438.

McNamara, Kathleen. 2002. "Central bank independence and the social logic of delegation". *West European Politics*. 25(1): 47-76.

### Session Three, July 11: Finance and fascism: Lessons from the Great Depression

*This session will first discuss the causes of the Great Depression, including a review of the First Globalization and the gold standard. We will then focus on the relationship between the financial crises of the 1930s and the rise of fascism, and what that experience can tell us about contemporary populist movements.*

#### Reading:

Eichengreen, Barry. 1992. "The origins and nature of the great slump revisited". *The Economic History Review*. 45(2): 213-239.

Lockwood, Erin. 2021. "The antisemitic backlash to financial power: Conspiracy theory as a response to financial complexity and crisis". *New Political Economy*. 26(2): 261-270.

#### **Session Four, July 13:** The Bretton Woods system

*This session will focus on the rise and fall of the post-war Bretton Woods system of fixed exchange rates.*

##### Reading:

Ikenberry, John G. 1993. "The political origins of Bretton Woods". In Bordo, Michael D. and Barry Eichengreen (eds.) *A Retrospective on the Bretton Woods System: Lessons for international monetary reform*". University of Chicago Press.

Helleiner, Eric. 1994. *States and the Reemergence of Global Finance*. Ithaca: Cornell University Press. Ch4 "Support for the Euromarket in the 1960s" AND Ch5 "Failed cooperation in the early 1970s").

**\*\*\*Assignment, July 14: Take-home exam 1 is assigned\*\*\***

#### **Session Five, July 18:** Emerging markets, debt, and crises in Latin America and East Asia

*This session will discuss the aftermath of the collapse of the Bretton Woods system, including the rise of global banking, exchange rate volatility, and financial crises in Latin America and East Asia.*

Kahler, Miles. 1985. "Politics and international debt: Explaining the crisis". *International Organization*. 39(3): 357-382.

Oatley, Thomas. 2019. "Developing countries and international finance II: The global capital flow cycle". Ch15 in *International Political Economy*. Routledge.

## **Part II: The 2008 Crisis and its Aftermath**

#### **Session Six, July 20:** The Big Short: 2008 and the anatomy of a crisis

*This session will provide a review of the 2008 global financial crisis, and, in doing so, will provide a more detailed and technical picture of how crises happen, how officials respond when they occur, and what tends to be done after the fact.*

##### Reading:

Brunnermeier, Markus K. 2009. "Deciphering the liquidity and credit crunch 2007-2008". *Journal of Economic Perspectives*. 23(1): 77-100.

Reinhart, Carmen M. and Kenneth S. Rogoff. 2009. "The U.S. subprime crisis: An international and historical comparison". In *This Time Is Different: Eight Centuries of Financial Folly*. Princeton: Princeton University Press.

Watch: *Inside Job* (2010) and/or *The Big Short* (2015). The latter is based on Michael Lewis' excellent book of the same name.

**\*\*\*Assignment, July 21: Take-home exam 1 due\*\*\***

**Session Seven, July 25:** This-time-is-different? The politics of regulating moral hazard

*This session will discuss financial regulation, focusing specifically on the process of regulatory standardization and cooperation between major financial powers. We will discuss the challenge of attempting to preserve financial stability and limit cross border spillovers on the one hand, with maintaining the benefits of free-flowing global capital on the other. Central to this is the moral hazard problem posed by firms which are "too-big-to-fail".*

**Reading:**

Best, Jacqueline. 2010. "The limits of financial risk management: Or what we didn't learn from the Asian Crisis". *New Political Economy*. 15(1). 29-49.

Pauly, Louis W. 2009. "Managing financial emergencies in an integrating world". *Globalizations*. 6(3). 353-364.

Tsingou, Eleni. 2015. "Club governance and the making of global financial rules". *Review of International Political Economy*. 22(2): 225-256.

**Session Eight, July 27:** Across the pond: The euro crisis and the problem of integration

*This session will focus on the challenges of economic integration in the European Union through an analysis of the eurozone sovereign debt crisis. We will discuss the idea of an optimum currency area and the problems facing a union which is more deeply integrated economically than politically. While EU integration is an outlier historically, the experience is instructive for the process of global economic integration more generally.*

**Reading:**

Krugman, Paul. 2013. "Revenge of the optimum currency area". *NBER Macroeconomics Annual*. 27(1): 439-448.

Jones, Erik, R. Daniel Keleman, and Sophie Meunier. 2016. "Failing forward? The euro crisis and the incomplete nature of European integration". *Comparative Political Studies*. 49(7): 1010-1034.

**\*\*\*Assignment, July 28: Take-home exam 2 is assigned\*\*\***

## **Part III: Contemporary Issues in Global Finance**

**Session Nine, August 1:** Of markets and men: Gender and sexuality in global finance

*This session will focus on the relationship between finance and the social construction of gender. We will discuss both the ways that finance influences contemporary gender politics, primarily through reinforcing a patriarchal division of wealth and labour, and the how gender stereotypes inform our understanding of the financial industry and its practices. We will also discuss the portrayal of the financial industry in popular media.*

### Reading:

Brassett, James and Lena Rethel. 2015. "Sexy money: The hetero-normative politics of global finance". *Review of International Studies*. 41(3): 429-449.

Roberts, Adrienne. 2013. "Financing social reproduction: The gendered relations of debt and mortgage finance in twenty-first century America". *New Political Economy*. 18(1): 21-42.

van Staveren, Irene. 2014. "The Lehman Sisters hypothesis". *Cambridge Journal of Economics*. 38(5): 995-1014.

Watch: *Wall Street* (1987)

**Session Ten, August 3:** Weaponized interdependence: China, Russia, and the nexus of finance and security

*This session will focus the fusion of financial markets and security concerns, including the use of sanctions and the financing of war. We will discuss this in the context of great power rivalry: the dominance of the US dollar, the Russian invasion of Ukraine, and the rise of China.*

### Reading:

Norrlöf, Carla. 2020. "The security foundations of dollar primacy". --

-And-



Wang, Hongying. 2020. "China and the international financial system: Challenging the United States or the Liberal Order?". Both in Norrlöf, Carla et al. (eds.) "Global monetary order and the liberal order debate". *International Interactions*. 21(2): 109-153.

Listen to/read the transcript of the following interview with Daniel McDowell discussing his book *Bucking the Buck: US Financial Sanctions and the International Backlash Against the Dollar*. <https://www.mercatus.org/macro-musings/dan-mcdowell-bucking-buck-us-financial-sanctions-and-international-backlash-against>

**\*\*\*Assignment, August 4: Take-home exam 2 is due\*\*\***

### **Session Eleven, August 8:** Race, development, and post-colonial finance

*This session will discuss contemporary post-colonial perspectives in global finance. We will return to some themes from Session Five and will discuss how the changing composition of markets has created additional sources of instability in the Global South.*

#### **Reading:**

Musthaq, Fathimath. 2021. "Dependency in a financialized global economy". *Review of African Political Economy*. 48(167): 15-31.

Alami, Ilias and Vincent Guermond. 2022. "The color of money at the financial frontier". *Review of International Political Economy*. [First view online].

Bernards, Nick. 2023. "States, money, and the persistence of colonial financial hierarchies in British West Africa". *Development of Change*. 54(1): 64-86.

### **Session Twelve, August 10:** The past and future of global finance

*This session will wrap up the course. We will review the key themes, main challenges, and prospects for the future of global finance. We will conclude by discussing two potential shifts in the power structure of global capitalism: the rise of asset management and decentralized finance via cryptocurrency.*

#### **Reading:**

Watch: "Sociological perspectives on banking crises".

<https://economicsociology.org/2023/05/15/sociological-perspectives-on-banking-crises/>

Fichtner, Jan, Eelke M. Heemskerk, and Javier Garcia-Bernardo. 2017. "Hidden power of the Big Three? Passive index funds, re-concentration of corporate ownership, and new financial risk". *Business and Politics*. 19(2): 298-326.

Weaver, Nicholas. 2018. "Risks of cryptocurrencies: Considering the inherent risks of cryptocurrency ecosystems". *Communications of the ACM*. 61(6): 20-24.

O'Connell, William D. 2022. "Crypto platforms say they're exchanges, but they're more like banks". *The Conversation*. <https://theconversation.com/crypto-platforms-say-theyre-exchanges-but-theyre-more-like-banks-188339>

**\*\*\*Assignment, August 7: Take-home exam 3 is assigned\*\*\***

**\*\*\*Assignment, August 14: Take-home exam 3 is due\*\*\***