# Governance of Global Finance

Spring 2020

National Chengchi University

Department of Diplomacy; Department of Law

Instructors: Ping-Kuei Chen 陳秉逵 & Cheng-Yun Tsang 臧正運

Thursday 1:10 pm – 4:00 pm

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## **Course Description**

This course surveys issues and problems in international finance. It cultivates students’ understanding of regulatory development of cross-national financial activities. The course includes macroeconomics theories on currency politics, instruments of international finance, financial crisis, and international regime on commercial banking. This course is designed for students in the college of international affairs and college of law. The goal of this course differs from which offered by the college of commerce. It focuses on the governance of international finance and regulatory reform on new instruments of finance.

## Course Objectives

* Understand basic theories and concept of international finance.
* Getting familiar with policy tools and commodities in international finance.
* Understand the development of regulatory establishment in international finance.
* Develop the ability to comprehend and evaluate the governance of international finance

# Course Requirements

## Grading Policy

Quiz: 30% (5%, 8%, 8%, 9%)

Class participation: 30%

Group presentation: 40%

Grade Scale:

100-90 A+ 89-85 A 84-80 A-

79-77 B+ 76-73 B 72-70 B-

69-67 C+ 66-63 C 62-60 C-

59 and below F

A: Considerable evidence of original and critical thinking; demonstrated exceptional capacity to analyze and synthesize; an outstanding grasp of subject matter; evidence of extensive knowledge base beyond minimum requirements; constructive contribution to class discussion.

B: Evidence of grasp of subject matter, some evidence of critical capacity and analytical ability; reasonable understanding of relevant issues; evidence of familiarity with the literature; good engagement with the class on relevant issues.

C: Evidence of some understanding of the subject matter. Some participation in class.

F: Insufficient evidence of understanding of the subject matter; weakness in critical and analytical skills; limited or irrelevant use of the literature.

Source: Adapted from Dalhousie University, <http://tinyurl.com/yak55s3q>

## Assignment and exams

Quiz:

There will be four quizzes throughout the course. The quiz will be given randomly between week 5 and week 17 at the beginning of the class (before the group presentation). Each quiz will take about 30-40 minutes. You may consult class materials while answering the questions (open-book quiz). The questions are based on class materials. It is important to read the required readings before the class.

Group presentation:

Instructors will assign discussion groups. Each group will be responsible for the presentation for one week. The instructor will announce the group responsible for presentation in the beginning of the semester. The instructor will give a topic for each week. The discussion group will present the topic and lead a class discussion. The discussion should link to required reading materials. The presentation will be 20-30 minutes long, slides are recommended.

All exams and presentation will be in English.

## Class Organization

This is an advanced undergraduate course. The majority part of the class will be a group discussion. Students have a reading list for each week. It is the responsibility of the students to study the required reading before the class. Starting from week seven, students will form groups and make the presentation at the beginning of the class. The group responsible for presentation will raise critique and questions. The instructors will follow up those questions and lead class discussions.

## ****Attendance and Class Activities****

Students are required to attend class regularly unless excused in advance or you have proof of emergency. **Three unexcused absence will result in a F in this class.**

Class participation takes **30%** of final grade. It is very important to share views during the class. Students should feel free to express their views throughout the class. Please be respectful to other students and deliver your comments in normal tones and a non-aggressive manner. The instructors will not allow any form of violence, harassment, and discrimination based on sex, gender, ethnicity, race, social class, or national origin.

We will accept notes from the student attesting to the date of the illness as an excused absence. A student may also use the university’s online system to register excused absence. A student who experiences a prolonged absence or an illness preventing attendance is required to provide written documentation of the illness from the relevant healthcare provider, verifying the dates of the treatment and the period during which the student was unable to meet academic responsibilities.

## ****Religious observances****

Please let us know in advance if a religious observance will cause you to miss a class. Provided you give advance notice; you will have the opportunity to make up exams or other assignments.

## Recommended readings

This course uses the following books, which can be found on Moodle or university library. Please acquire journal articles for this class from the research resources of the library.

Moffett, M. H., Stonehill, A. I., & Eiteman, D. K. (2016). *Fundamentals of Multinational Finance*. Pearson. (Global Edition)

Avgouleas, E. (2012). *Governance of Global Financial Markets: The Law, the Economics, the Politics*. Cambridge University Press.

Brummer, Chris. (2015). *Soft Law and the Global Financial System: Rule Making in the 21st Century* (New York: Cambridge University Press 2d ed.).

\*Please be aware of copyrights regulations and do not reprint these works.

## Academic integrity

As a student of National Chengchi University, you have agreed to follow the code of academic integrity documented in 國立政治大學學生獎懲辦法. This Code sets standards for academic integrity for all students. You are responsible for upholding these standards for this course. It is very important for you to be aware of the consequences of **cheating**, **fabrication**, **facilitation**, and **plagiarism**.

## Course Description:

Week 1 (2/25) Introduction to the course

Week 2 (3/4) Global Governance in global finance, structure, actors, and institutions

Frieden, Jeffry. “The Governance of International Finance.” *Annual Review of Political Science* 19, no. 1 (2016): 33–48. <https://doi.org/10.1146/annurev-polisci-053014-031647>.

Week 3 (3/11) Understanding the financial system, its components, and goals of financial regulation

Armour, John, Daniel Awrey, Paul Lyndon Davies, Luca Enriques, Jeffrey N. Gordon, Colin P. Mayer, and Jennifer Payne. 2016. *Principles of Financial Regulation.* Oxford University Press, Ch2-3.

Week 4 (3/18) Understanding the *Global* in global finance, past and present of global financial institutions under globalization, financial commodities and trade

Baxter, Lawrence G., “Understanding the Global in Global Finance and Regulation”, in Reconceptualizing Global Finance and Its Regulation, (Buckley et al. eds, 2016), Ch3

Week 5 (3/25) Global Movement of Capital, exchange rate politics, currency politics

Haldane, Andrew G, “Managing global finance as a system”, Speech given at the Maxwell Fry Annual Global Finance Lecture, Birmingham University, 29 October 2014

Moffett et. al., Chapter 3

Week 6 (4/1) Central Banking: Function, Role, and Evolution

Bank for International Settlements, *Issues in the Governance of Central Banks* (May 2009), Ch1 & 2

Dincer, Nergiz, and Barry Eichengreen. 2013. “Central Bank Transparency and Independence: Updates and New Measures.” SSRN Scholarly Paper ID 2579544. Rochester, NY: Social Science Research Network. [https://papers.ssrn.com/abstract=2579544](https://papers.ssrn.com/abstract%3D2579544)

Week 7 (4/8) Financial Inclusion: Promises, Means and Governance

Mehrotra, Aaron N. and Yetman, James, “Financial Inclusion - Issues for Central Banks” (March 2015). BIS Quarterly Review March 2015. Available at SSRN: [https://ssrn.com/abstract=2580310](https://ssrn.com/abstract%3D2580310)

GPFI, *G20 High-Level Principles for Digital Financial Inclusion* (Sept. 2016)

## Week 8 (4/15) Governance of the Global Financial System (I): The Architecture of Global Financial Governance

 Brummer, Ch2

## Week 9 (4/22) Governance of the Global Financial System (II): Soft Law and Politics of Global Financial Governance

Brummer, Ch3

Week 10 (4/29) Governance of the Global Financial System (III): Important International Financial Organizations

Douglas W. Arner and Michael W. Taylor, “The Financial Stability Board and the Future of International Financial Regulation”, in Reconceptualizing Global Finance and Its Regulation (Buckley et al. eds, 2016), Ch4.

Vreeland, J.R. 2003. *The IMF and Economic Development*. Cambridge Univ Press, Ch6.

Week 11 (5/6) International Financial Crisis (I): Banking

Financial Crisis Inquiry Commission, *The Financial Crisis Inquiry Report*, Conclusions of The Financial Crisis Inquiry Commission.

Recommended:

David Luttrell, Harvey Rosenblum and Jackson Thies, “Understanding the Risks Inherent in Shadow Banking: A Primer and Practical Lessons Learned”, Federal Reserve Bank of Dallas Staff Report (November, 2012)

Week 12 (5/13) International Financial Crisis (II): Sovereign Debt

Tomz, M. 2007. *Reputation and International Cooperation: Sovereign Debt across Three Centuries*. Princeton Univ Pr. Ch2.

Zettelmeyer et al, The Greek Debt Restructuring: An Autopsy, 28 Economic Policy 513-563 (2013) DOI: 10.1111/1468-0327.12014

**Week 13 (5/20) university anniversary, no class**

Week 14 (5/27) The Rise of Fintech: Evolution and Governance

Buckley, Ross & Arner, Douglas & Barberis, Janos. (2016), “150 Years of FinTech: An Evolutionary Analysis”, JASSA - The FINSIA Journal of Applied Finance.

Brummer, Christopher J. and Yadav, Yesha, “Fintech and the Innovation Trilemma” (October 17, 2017). Georgetown Law Journal, 2018 Forthcoming; Vanderbilt Law Research Paper No. 17-46; Georgetown Law and Economics Research Paper No. 11-23. Available at SSRN: https://ssrn.com/abstract=3054770 or http://dx.doi.org/10.2139/ssrn.3054770

Week 15 (6/3): Guest Talk: to be announced

Week 16 (6/10) FinTech Regulation: Regulatory Sandbox and SupTech

Péter Fáykiss & Dániel Papp & Péter Sajtos & Ágnes Tõrös, 2018. "Regulatory Tools to Encourage FinTech Innovations: The Innovation Hub and Regulatory Sandbox in International Practice," Financial and Economic Review, Magyar Nemzeti Bank (Central Bank of Hungary), vol. 17(2), pages 43-67.

Dias, Denise, “SupTech: Leveraging Technology for Better Supervision”, Toronto Centre Note (July 2018)

Week 17 (6/17)

Week 18 (6/24) Crypto-assets and Central Bank Digital Currency; conclusion: the future of global finance governance

Financial Stability Board, “Crypto-Asset Markets- Potential Channels for Future Financial Stability Implications” (October 2018)

Lagarde, Christine, “Winds of Change: The Case for New Digital Currency”, Speech given at Singapore Fintech Festival, November 14, 2018