

Political Economy of Global Finance

York University, Political Science 4295 / 5295 (0.3), 2002-3 Fall

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OVERVIEW

Description. Why should political science students be concerned with money, financial instruments and international capital movements? The standard interdisciplinary answer is that finance and politics “affect” one another. For instance, governments have to pay close attention to the stocks and bond markets, whereas investors depend on political and legal conditions; economic performance and class positions are influenced by, and in turn bear on interest rates and asset values; and international interdependence is further complicated by cross-boarder capital movements. The seminar deals with such connections but also goes beyond them, seeking to understand *finance itself as a dominant form of politics.*

Discussion is organized around several key themes, including: (1) *Concepts and Building Blocks*: What are financial markets, who are the key players and why are they there? (2) *The Alchemy of Finance*: How do financial markets work? What different theories and ideologies are used to explain, justify and criticize the functioning of modern finance? How is finance a form of “governance”? Who is being governed, by whom and to what end? (3) *The Globalization of Finance*: What is capital flow and how is it related to ownership and power? What is the connection between the power of capital, state sovereignty and international monetary stability? How have their relationships changed over time? (4) *Political-Economy of Global Finance*: Is international finance a precondition for prosperity, or is it a “fictitious” bubble, de-linked from the underlying “real” political economy and hence a source of global instability? What types of international financial architectures are possible, and what do they imply for the political economy of power and well being, locally as well as globally?

[NOTE: There could be some deviations from the course schedule and readings as we go along.]

Format. Lectures and class discussion.

Complementary Courses:

Political Economy: Major Themes (POLS 6272): An in-depth critical introduction to major themes of political economy.

Global Capital: Political Economy of Capitalist Power (POLS 6285). Examines the institutions of capital and its ramifications for the global political economy.

EVALUATION: UNDERGRADUATE STUDENTS

	Weight	Maximum length	Due Date
Asking Questions	10%	---	
Research Exercise 1	15%	---	October 22 nd
Research Exercise 2	25%	---	November 12 th
Term Paper	50%	3,500 words	December 15 th
Total	100%		

EVALUATION: GRADUATE STUDENTS

	Weight	Maximum length	Due Date
Asking Questions	10%	---	
Research Exercise 1	15%	---	October 22 nd
Research Exercise 2	25%	---	November 12 th
Term Paper	50%	5,000 words	December 15 th
Total	100%		

General. All work must be typed and should not exceed the specified word limit. Late submissions will be accepted only with a valid documented reason (medical or family misfortune); otherwise, they will be subject to a penalty of 10% per day.

Asking Questions (10%). We all know so little compared to what we don't know, so there should be no shortage of questions. Expressing your opinion gets you 5%. Asking critical question wins you the full 10%

Research Exercises (15% and 25%). The purpose of the exercises is (1) to familiarize you with some of the data sources available for the study of the political economy of global finance; (2) to give you hands-on experience in obtaining, manipulating and interpreting empirical information; and (3) to make you appreciate the importance and limitations of facts.

Take Home Essay (50%). The purpose of the essay is to creatively combine theoretical discussion with empirical analysis.

REQUIRED BOOKS

There are three required book readings (items 1-3 available from the York bookstore), a course kit (item 4 available from Copywell on Keele St.), and class handouts (item 5, also from Copywell on Keele St.)

1. Henwood, Doug. 1997. *Wall Street. How It Works and For Whom*. London and New York: Verso.
2. Morris, Kenneth M. , Virginia B. Morris, and Alan M. Siegel. 1999. *The Wall Street Journal Guide to Understanding Money and Investing*. New York: Lightbulb Press.
3. Soros, George. 1999. *The Crisis of Global Capitalism. [Open Society Endangered]*. 2nd Edition. New York: PublicAffairs.
4. Nitzan, Jonathan. 2002. *Political Economy of Global Finance: Course Kit (4295/5295)*.
5. Nitzan, Jonathan. 2002. *Political Economy of Global Finance: Class Notes (4295/5295)*.

RECOMMENDED READINGS

Available from the bookstore in York Lanes and on library reserves:

- Baskin, Jonathan Barron, and Jr. Paul J. Miranti. 1997. *A History of Corporate Finance*. Cambridge: Cambridge University Press.
A very good, readable mainstream account of the historical development of corporate finance.
- Berle, A. A., and G.C. Means. 1932. [1967]. *The Modern Corporation and Private Property*. Revised ed. New York: Harcourt, Brace & World.
One of the most influential books on the nature of property and power in the 20th century. Path-breaking but highly controversial.
- Brealey, Richard A., Stewart C. Myers, and Alan J. Marcus. 1999. *Fundamentals of Corporate Finance*. 2nd , International ed. Boston: Irwin/McGraw-Hill.
This is more a "required" primer than recommended reading. Complete with all the necessary graphs, equations and explanations, it provides, depending on your inclination, either the right preparation for corporateland, or ammunition for its critique.
- Bowles, Samuel, and Richard Edwards. 1993. *Understanding Capitalism. Competition, Command, and Change in the U.S. Economy*. New York: HarperCollins Publishers.
Perhaps the best critical introduction textbook to economics. Comprehensive and rigorous, yet lucid and highly interesting to read. Out of print, but try to get a second-hand copy.
- Cohen, Benjamin J. 1998. *The Geography of Money*. Ithaca and London: Cornell University Press.
The disintegration of 'national money.'
- Ferguson, Niall. 2001. *The Cash Nexus. Money and Power in the Modern World, 1700-2000*. New York: Basic Books.
- Galbraith, John Kenneth. 1975. *Money. Whence it Came, Where it Went*. Boston: Houghton Mifflin.
Institutional history of money. Very well written.
- Galbraith, John Kenneth. 1990. *A Short History of Financial Euphoria*. New York: Penguin.
A stylized reminder on the folly of "rational" markets.
- Helleiner, Eric. 1994. *States and the Reemergence of Global Finance: From Bretton Woods to the 1990s*. Ithaca, N.Y.: Cornell University Press.
Neoliberalism as state-crafted deregulation.
- Josephson, Matthew. 1934. *The Robber Barons. The Great American Capitalists. 1861-1901*. New York: Harcourt, Brace and Company.
This is one of the most fascinating histories ever written on the political economy of finance. Its critical insights are relevant today as they were during the Great Depression, when the book was first published. Worth reading and re-reading.
- Keen, Steve. 2001. *Debunking Economics. The Naked Emperor of the Social Sciences*. Annandale and London: Pluto Press Australia and Zed Books.
Neoclassical economics demolished on its own turf (and in simple words). This modern remake of Andersen's The Emperor's New Clothes is a must read for anyone interested in the foundations of capitalist ideology.

- Kindelberger, Charles P. 1978. *Manias, Panics, and Crashes. A History of Financial Crises*. New York: Basic Books, Inc. Publishers.
Classic, although hardly as exciting as the real drama.
- Kindelberger, Charles P. 1987. *International Capital Movements*. Based on the Marshall Lectures given at the University of Cambridge 1985 Cambridge: Cambridge University Press.
A compact overview of capital flow and its ramifications.
- Sampson, Anthony. 1990. *The Midas Touch. Understanding the Dynamic New Money Societies Around Us*. New York: Truman Talley Books Dutton.
One of the world's best journalists looks at what really matters.
- Veblen, Thorstein. 1904. [1975]. *The Theory of Business Enterprise*. Clifton, New Jersey: Augustus M. Kelley, Reprints of Economics Classics.
Veblen's Business Enterprise, together with his later volume on Absentee Ownership, provide one of the most sophisticated frameworks for understanding the power underpinnings of financial capitalism.
- Veblen, Thorstein. 1923. [1967]. *Absentee Ownership and Business Enterprise in Recent Times. The Case of America*. With an introduction by Robert Leckachman. Boston: Beacon Press.
Veblen's original insights into the "the larger use of credit," and its connection to corporate amalgamation and stagflation remain unsurpassed. Required reading for anyone interested in the essence of 20th century capitalism.

RECOMMENDED NEWSPAPERS AND MAGAZINES

- *Business Week*, weekly.
Focused mainly on the US. Great for investigative journalism, less strong on broader analysis.
- *The Economist*, weekly.
Published in London since 1843, this weekly continues to provide the most in-depth liberal analysis of world affairs. Deeply but openly ideological.
- *Financial Times*, daily.
By far the best daily on global political economy and finance. Unmatched in both breadth and depth.
- *Fortune*, weekly.
A mouthpiece of big business. Read for insight into the sociology of hegemony.
- *Left Business Observer*, monthly (11 times a year, by subscription)
Political economy and finance from a left perspective. Edited and written by Doug Henwood, author of [Wall Street](http://www.panix.com/~dhenwood/LBO_home.html). (www.panix.com/~dhenwood/LBO_home.html.)
- *Wall Street Journal*, daily.
The leading US daily on economics, business and finance.

SELECTED DATA SOURCES

The amount of financial information is virtually endless. Much of it is useless noise. Some, though, is very illuminating, provided you know what you are looking for, and use what you find critically and with extra care. The following short list of sources can get you started.

- **Bank for International Settlements (BIS)**
This international institution provides well researched overviews of global financial conditions and developments, along with a wealth of data.
- **CANSIM**
The official database of Statistics Canada, available through the Library's web site ([eRESOURCES](#)). HINT: Use the Cansim Directory to find what you are looking for, and then the Cansim site to retrieve/plot it.
- **COMPUSTAT**
Probably the most extensive source for corporate statistics. York subscribes to the library version, but you can purchase your own student version (which is identical to the university's) for \$120 (the regular price is \$16,500 US). To learn more,, speak to the data librarian at the Business and Government Publications Library.

- **Datastream**
This data service provides access to one billion data series from around the world. Available at the library (eRESOURCES).
- **DRI (Data Resources Inc.)**
This Standard & Poor's data service provides access to millions and millions of data series from around the world. York students can obtain a password to access DRI on line. Speak with the data librarian
- **Global Financial Data**
A private database containing a remarkably rich collection of historical statistics, some of which go back as far as the 13th century. Most of the data are for subscribers only, but there is quite a lot you can get for free. Worth navigating through (www.globalfindata.com)
- **International Monetary Fund (IMF).**
A wealth of reports and data. You can access these electronically through the International Statistical Yearbook and through Datastream, DRI, or through the hard copies of their monthly and annual publications.
- **International Statistical Yearbook.**
A gateway to various statistical services, containing a wealth of data. Covers the IMF, OECD, EU and much more.
- **Moody's**
The famous (infamous?) rating agency. Provides easy access to detailed corporate data. Log in through FIS Online (Mergent/Moodies) on eRESOURCES.
- **Organization for Economic Cooperation and Development (OECD).**
Analysis and data pertaining mainly to the developed countries. Available through the International Statistical Yearbook or through the OECD website.
- **Resources for Economists.**
Web site of numerous links to data sources and other treasures (<http://rfe.wustl.edu/EconFAQ.html>)
- **Statistical Abstract of the United States**
Perhaps the best "entry point" into US statistics. The 1,500 or so data tables are instructive pointers for additional data sources. Available in print, CD, or on the web.
- **US Department of Commerce**
US national accounts and more.
- **US Federal Reserve Board (Fed)**
Provides the most systematic Flow of Funds data in the world, as well as many other financial data and regular analysis. Most data are also accessible through Datastream and DRI.
- **US Internal Revenue Service (IRS)**
Provides, among other things, detail breakdown of US income and assets by type and size. Available both in print, as well as through the IRS web site.
- **US Securities and Exchange Commission (SEC)**
A wealth of data and information on listed companies, directly from their regulator. A gold mine if you know what you're looking for.
- **World Bank**
Data and analysis, primarily on less developed countries. Their World Development Indicators is available through eRESOURCES.
- **United Nations Commission on Trade and Development (UNCTAD)**
Excellent coverage of global trade and investment flows, along with systematic coverage of development pertaining to transnational corporations.

SCHEDULE

1. *Sep 10* Introduction and organization

I. Concepts and building blocs

2. *Sep 17* What is finance?
3. *Sep 24* Instruments: what does finance look like?
4. *Oct 1* Actors: who is running the show, how and why?

II. The alchemy of finance

5. *Oct 8* Finance and the economy: orthodox models
6. *Oct 15* Finance and the political-economy: heterodox challenges
7. *Oct 22* Governance: how “free” is the free market?

III. Globalization of finance

8. *Oct 29* International finance: a framework
9. *Nov 5* Finance on the move: global capital flows

IV. Political economy of global finance

10. *Nov 12* Global finance vs. the “real” world
11. *Nov 19* Global boom or global crisis?
12. *Nov 26* Remedies?
13. *Dec 3* Financial capitalism

OUTLINE AND READINGS

(*) Indicates a more demanding reading; eRESOURCES stands for York Library’s Electronic Resources

1. Introduction and organization**2. What is finance?**

The Economist’s Schools Brief. Finance: Trick or Treat? (October 23rd, 1999); Moneyed Men in Institutions (November 6th, 1999); Monopoly Over Money (November 20th, 1999); Stocks in Trade (November 13th, 1999); The Business of Banking (October 30th, 1999). (course kit) [10 pages]

Bishop, Matthew. 2002. Capitalism and Its Troubles. A Survey of International Finance. *The Economist*, May 18. (course kit) [27 pages]

Nitzan, Jonathan, and Shimshon Bichler. 2000. Capital Accumulation: Breaking the Dualism of "Economics" and "Politics". In *Global Political Economy: Contemporary Theories*, edited by R. Palan. New York and London: Routledge, pp. 67-88. (course kit) [22 pages]

(*) Veblen, Thorstein. 1908. [1961]. On the Nature of Capital. I: The Productivity of Capital Goods. In *The Place of Science in Modern Civilisation and Other Essays*. New York: Russell & Russell, pp. 324-351. (course kit) [27 pages]

(*) Veblen, Thorstein. 1908. [1961]. On the Nature of Capital. II. Investment, Intangible Assets, and the Pecuniary Magnate. In *The Place of Science in Modern Civilisation and Other Essays*. New York: Russell & Russell, pp. 352-386. [34 pages]

3. Instruments: what does finance look like?

Henwood, Doug. 1997. *Wall Street. How It Works and For Whom*. London and New York: Verso. Ch. 1, pp. 10-55. [46 pages]

Morris, Kenneth M., Virginia B. Morris, and Alan M. Siegel. 1999. *The Wall Street Journal Guide to Understanding Money and Investing*. New York: Lightbulb Press. Read cover to cover to familiarize yourself with the concepts. Then use as reference throughout the course.

4. Actors: who is running the show, how and why?

Henwood, Doug. 1997. *Wall Street. How It Works and For Whom*. London and New York: Verso. Ch. 2, pp. 56-117. [62 pages]

5. Finance and the economy: orthodox models

Henwood, Doug. 1997. *Wall Street. How It Works and For Whom*. London and New York: Verso. Ch. 3, pp. 118-136, Ch. 4, pp. 137-144; 161-186. [52 pages]

(*) Keen, Steve. 2001. *Debunking Economics. The Naked Emperor of the Social Sciences*. Annandale and London: Pluto Press Australia and Zed Books. Ch. 10, 'The Price is Not Right,' pp. 214-240 (course kit) [27 pages]

6. Finance and the political economy – heterodox challenges

Hunt, E. K., and Howard J. Sherman. 1990. *Economics: An Introduction to Traditional and Radical Views*. 5th ed. New York: Harper & Row. Ch. 29: 'Say's Law and its Critics: Three Views of Macroeconomic,' pp. 429-448. (course kit) [20 pages]

Henwood, Doug. 1997. *Wall Street. How It Works and For Whom*. London and New York: Verso. Ch. 4, pp. 144-161, Ch. 5, pp. 187-245. [77 pages]

(*) Keen, Steve. 2001. *Debunking Economics. The Naked Emperor of the Social Sciences*. Annandale and London: Pluto Press Australia and Zed Books. Ch. 11, 'Finance and Economic Breakdown,' pp. 243-257 (course kit) [15 pages]

Bishop, Matthew. 2002. Capitalism and Its Troubles. A Survey of International Finance. *The Economist*, May 18. (course kit) [revisit these 28 pages]

7. Governance: how “free” is the free market?

Henwood, Doug. 1997. *Wall Street. How It Works and For Whom*. London and New York: Verso. Ch. 6, pp. 246-300. [55 pages]

8. International finance: a framework

Cohen, Benjamin J. 1995. A Brief History of International Monetary Relations. In *International Political Economy. Perspectives on Global Power and Wealth*, edited by J. A. Frieden and D. A. Lake. New York: St. Martin's Press, pp. 209-229. (course kit) [21 pages]

Cohen, Benjamin J. 1996. Review Article. Phoenix Risen: the Resurrection of Global Finance. *World Politics* 48 (2): 268-296. [eRESOURCES, use MUSE] [12 pages]

(*) Kindelberger, Charles P. 1987. *International Capital Movements*. Based on the Marshall Lectures given at the University of Cambridge 1985 Cambridge: Cambridge University Press. (course kit) [87 pages; the whole book]

9. Finance on the move: global capital flows

Helleiner, Eric. 1995. Explaining the Globalization of Financial Markets: Bringing States Back In. *Review of International Political Economy* 2 (2): 315-341. (course kit) [27 pages]

Frieden, Jeffrey A. 1994. Exchange Rate Politics: Contemporary Lessons from American History. *Review of International Political Economy* 1 (1): 81-103. (course kit) [23 pages]

- Goodman, John B., and Louis W. Pauly. 1995. The Obsolescence of Capital Controls? Economic Management in an Age of Global Markets. In *International Political Economy. Perspectives on Global Power and Wealth*, edited by J. A. Frieden and D. A. Lake. New York: St. Martin's Press, pp. 299-317. (course kit) [19 pages]
- Henry, James S. 1986. Third World Debt Hoax: Where the Money Went. *The New Republic* 37 (17, April 14): 20-23. [eRESOURCES, use Expanded Academic ASAP] [4 pages]
- Nitzan, Jonathan. 2001. Regimes of Differential Accumulation: Mergers, Stagflation and the Logic of Globalization. *Review of International Political Economy* 8 (2): 226-274. [eRESOURCES] [49 pages]

10. Global finance vs. the “real” world

- Soros, George. 1998. *The Crisis of Global Capitalism. [Open Society Endangered]*. New York: PublicAffairs. Chs. 1-5, pp. 3-97. [95 pages]

11. Global boom or global crisis?

- Soros, George. 1998. *The Crisis of Global Capitalism. [Open Society Endangered]*. New York: PublicAffairs. Chs. 6-7, pp. 101-174. [74 pages]

12. Remedies?

- Henwood, Doug. 1997. *Wall Street. How It Works and For Whom*. London and New York: Verso. Ch. 7, pp. 310-322. [13 pages]
- Soros, George. 1998. *The Crisis of Global Capitalism. [Open Society Endangered]*. New York: PublicAffairs. Chs. 8-10, pp. 175-239. [65]

13. Financial Capitalism

- Bichler, Shimshon, and Jonathan Nitzan. 2002. *Financial Capitalism*. Mimeograph, York University.

RESEARCH EXERCISES

Purpose. The purpose of the exercises is (1) to familiarize you with some of the data sources available for the study of the political economy of global finance; (2) to give you hands-on experience in obtaining, manipulating and interpreting empirical information; and (3) to make you appreciate the importance and limitations of facts.

Work in pairs. Working with someone else is useful for a number of reasons. First, discussing and debating your ideas is a catalyst for the imagination. Second, it helps prevent panic when things don't work out. And, third, it gives me less to grade. If you nevertheless want to work alone, that's OK, but clear it with me first.

Start immediately. Things always take longer than you think. Attend one of the library instruction sessions (see schedule below), and start working on the first exercise.

Back up your work. Computers can be quick to eliminate any trace of your work if you are not careful. Make sure to save frequent backups.

Excel. There are no shortcuts here. You should familiarize yourself with this spread sheet programme, simply since it is the most widely used. If you know how to plot data in another programme, that's fine too.

Presentation. Pay very close attention to aesthetics. Write your answers with care, trying to be concise but precise. Type your answers and print your tables and charts neatly.

Library database instructions. I have arranged with the library to offer basic instructions to students in this seminar, covering *DRI*, the World Bank's *World Development Indicators*, and the *International Statistical Yearbook*. Two identical sessions, will be given early in the term, and you are required to attend one of them:

- Wednesday, Sep 18th, 16:00-18:00 CS129
- Thursday, Sep 19th, 10:00-12:00 CS129

The sessions will help you getting started with your first assignment. The librarians are also very helpful beyond the seminar, so don't be shy to seek help, with the databases as well as with other questions.

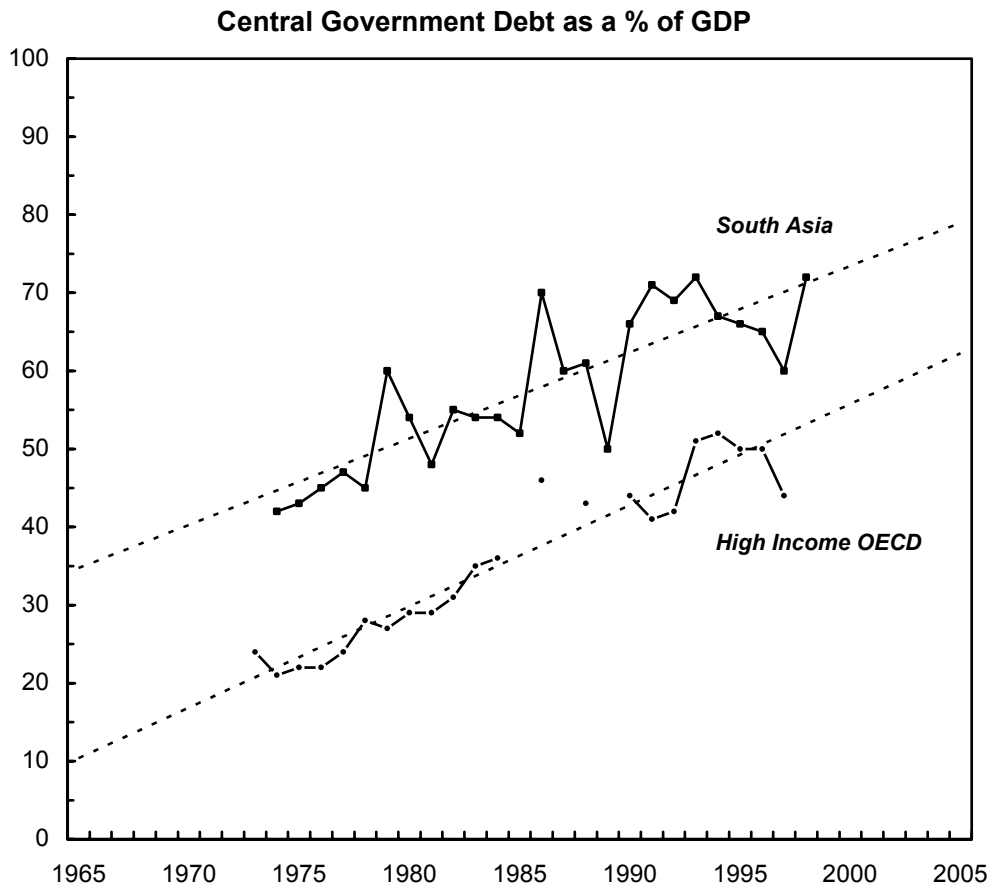
Exercise 1 (15%)

Due date. October 22nd, in class.

Data and presentation. This exercise uses World Bank’s *World Development Indicators*, and requires you to use *Excel* or a comparable charting programme.

Questions

- Using data from *World Development Indicators*, plot the “Central Government Debt as a % of GDP” for both the “High Income OECD countries” and for “South Asia” over the past forty years (the data may contain missing observations). Using Excel to chart the result, try to make the figure as similar as you can to the one given below. You should hand in the Excel sheet of the graph with your answer. (The World Bank constantly updates its data, so your own figure may include additional observations.)
- Based on these data, what conclusions can you draw regarding the ‘commodification of the state’ in the two groups of countries – over time and relative to each other? (Maximum 250 words).



NOTE: trends are represented by linerar regression lines.
 SOURCE: *World Development Indicators*

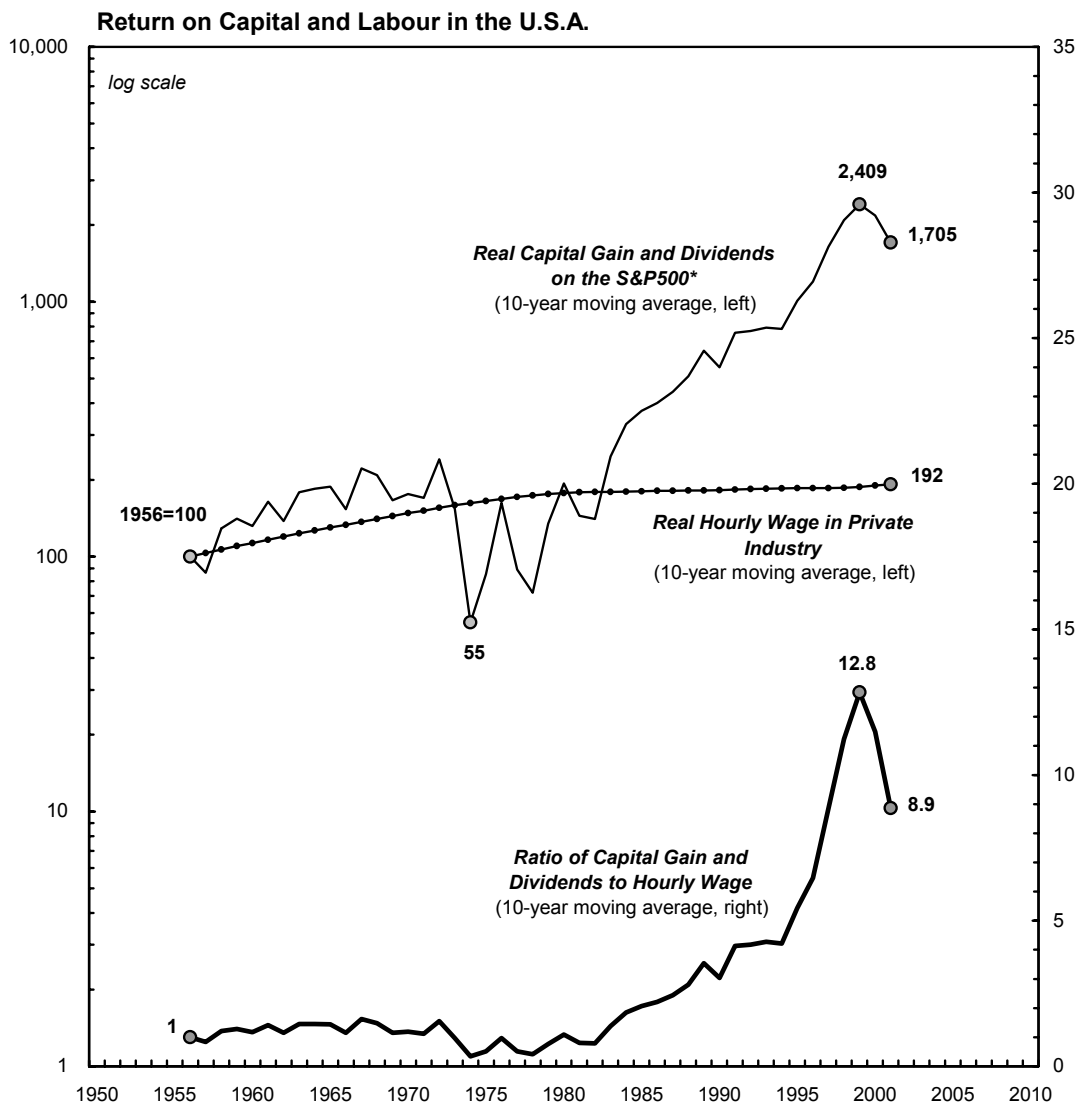
Exercise 2 (25%)

Due date. November 12th, in class.

Data and presentation. This exercise uses World Bank’s *World Development Indicators*, *International Statistical Yearbook* and *DRI*, as well as other sources of your choice, and requires you to use *Excel* or a comparable charting programme. Document your data sources, and explain all your computations.

Questions.

1. The figure below compares two U.S. time series. One series is the real hourly wage rate in private industry. The other series, also expressed in real terms, is the sum of capital gains and dividends earned from investing in the S&P500 ‘index’. What is the difference between ‘nominal’ and ‘real’ measures of income? Using time series data for a particular OECD country (other than the U.S.), compare the evolution of the real wage rate to the evolution of real gains from investing in the stock market (for computing the latter use either the stock market price index or the total return index). What conclusions can you draw from this comparison? (In computing both the real wage and return on capital, make sure you use the same price index.)



NOTE: real series are computed by deflating nominal data by the CPI.
 * Capital gains and dividends is the difference between successive values of the S&P500 Total Return Index.
 SOURCE: U.S. Bureau of the Census through McGraw Hill’s *DRI*; *Global Financial Data* (www.globalfindata.com)

2. “Since the late 1970s, the ascent of neoliberalism has made the world more unstable.” Using **IMF** data provided by the *International Statistical Yearbook* or **DRI**, carefully assess this claim for a country of your choice, using all available data. Your answer should be based on the historical evolution of the following three variables:
 - (a) the annual rate of growth of GDP (measured in real terms, using quarterly data);
 - (b) the annual rate of growth of the country’s stock market index, (measured in real terms, using monthly data); and
 - (c) the annual rate of change of the exchange rate relative to the \$US (appreciation/depreciation, using monthly data).

(When using monthly data, compute the annual rate of growth by comparing each month to the same month the year before – i.e. November 2001 to November 2000, December 2001 relative to December 2000, etc. When using quarterly data, compare each quarter to the same quarter the year before; namely, second quarter 2001 to second quarter 2000, etc.
3. “Equity markets have tumbled since their peak in 2000, but they are still ‘overvalued.’” Provide at least two interpretations of “overvaluation”, explaining clearly what they mean and how they are computed. Using these interpretations, and based on empirical evidence, assess the validity of the above claim.

Term paper (50%)

Due date. December 15th (one Word file, sent as attachment to nitzan@yorku.ca).

UNDERGRADUATE students. Write an essay on one of the following topics. Your paper should provide a thoughtful theoretical examination of the issue, backed by empirical evidence. The theoretical arguments should draw on the course material; you are encouraged (but not obliged) to use additional sources. The empirical evidence could draw on secondary material, but must also contain your own data analysis using the skills acquired in the course. As stated, the questions are very broad. On the one hand, this gives you considerable flexibility; on the other, it means you have to be careful in narrowing down your answer to make it manageable. The paper must be delivered to me by December 15th, as a Word email attachment sent to nitzan@yorku.ca. Make sure the single attachment includes all text and graphics. The paper should not be longer than 3,500 words of text (including references and notes), plus charts and tables. Longer papers will not be accepted.

GRADUATE students. Write an essay on one of the following topics, or on another subject of your choosing subject to my approval (the topic should be cleared with me by November 5th). Your paper should provide a thoughtful theoretical examination of the issue, backed by empirical evidence. The theoretical arguments should draw on the course material, as well as additional sources. The empirical evidence could draw on secondary material, but must also contain your own analysis using the skills acquired in the course. As stated, the questions are very broad. On the one hand, this gives you considerable flexibility; on the other, it means you have to be careful in narrowing down your answer to make it manageable. The paper must be delivered to me by December 15th, as a Word email attachment sent to nitzan@yorku.ca. Make sure the single attachment includes all text and graphics. The paper should not be longer than 5,000 words of text (including references and notes), plus charts and tables. Longer papers will not be accepted.

How to write a paper. Your ingenuity and in-depth understanding will both be lost unless expressed clearly. Pay attention to the structure of your essay, your writing style, grammar and presentation. (i) Make sure your introduction specifies clearly the purpose, hypothesis and method of your paper. (ii) Make sure you indeed deliver on what you promise. And (iii) make sure you re-read and re-edit your paper several times before handing it in.

Topics

1. “Finance has now become the most important form of politics, both domestically and globally.” Write an essay articulating your agreement or disagreement.
2. “The late 1990s were a bubble economy, in which financial markets were increasingly de-linked from the real world.” Discuss critically the logic and empirical bases of this statement.
3. Who rule the corporation, how do they rule it, and why does it matter? Assess these questions theoretically and empirically.
4. “Money and finance are largely mechanisms of intermediation. They help the real economy function, but have little impact on the final outcomes themselves.” Critically assess the theoretical debates and historical evidence pertaining to this statement.
5. “The international financial system is inherently unstable.” Do you agree? Should international finance be regulated? Can it be regulated? Examine these questions in light of historical experience.
6. Examine the political economy of privatization in a country of your choice. Why has the process taken place? Who benefited and how? And what were the broader ramifications for society? (Some interesting countries to look at: Argentina, Brazil, China, Israel and Russia, among others.)
7. “Financial liberalization could be tough for a developing country, but is necessary for capitalist development.” Examine this statement in light of historical experience.
8. “Emerging market investment is largely about ‘risk reduction.’” Do you agree?
9. During the Apartheid era, South African capital was subject to capital controls. These controls have been lifted in the 1990s. Assess the impact this change had on the political economy of the country.

10. “A growing proportion of financial assets is owned by workers through pension funds. If this trend continues, the basic conflict between capital and labour will soon be over.” Do you agree with the first part of this statement? Do you agree with its conclusion?
11. “Real investment brings growth and prosperity, whereas financial investment is fictitious and wasteful. Capitalist prosperity therefore depends encouraging the former and restricting the latter.” Assess the validity of this claim in light of the connection between capitalist production and capitalist ownership.
12. Is global capitalism in crisis? What is the broader role of finance in such crisis? Can this crisis be overcome or mitigated?