

# GCP 602: Global Financial Crises and Institutions

## Fall 2025 – Syllabus



**[Draft Revised: May 2025]**

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*Office hours:* Tue 3 – 4 pm and Wed 6 – 7 pm at VMH 534, or by appointment

*Lecture:* Wed 7:20 – 10 pm at VMH 210

### **Course Description**

This course covers the principal frameworks and concepts underpinning international macroeconomics and financial markets, focusing on their relevance to understand policy issues related to global financial crises and international finance institutions (IFIs). Our analysis will include topics such as the stability of market integration and globalization; international business cycles; monetary and fiscal policy coordination; global value chains and contagion; international currencies and financial linkages; cryptocurrencies; global public goods and policy coordination; balance of payments and exchange rates.

We will have occasional guest lectures by top caliber macroeconomist policymakers. Weekly asynchronous lectures will be posted and there will be weekly discussion boards, a group project presentation, an individual short written policy-brief assignment, and two exams (a midterm and a final). The grading details are below.<sup>1</sup>

### **Learning Outcomes**

- Students will know the major ideas from the main theories about the origin and propagation of global financial crises, and their foundational approaches.
- Students will understand the design, functions and history of international finance institutions (IFIs).
- Students will gain knowledge of the analytical building blocks of international macro and finance.

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<sup>1</sup> N.B.: *Per ICP advising notes*, take GCP503 (Macroeconomic Policy in the Global Economy) before GCP602.

- Students will be able to analyze stock market data, exchange rate trends, and balance of payments statistics, to understand how to evaluate their validity.
- Students will be able to critically assess the quality of global and regional macroeconomic analytical reports to check the plausibility of emanating forecasts and policy implications.
- Students will be able to apply the skills developed in the course to analyze the formulation of prudential and macroeconomic policies to prevent and mitigate global financial crises.

### Required and Recommended Reading

The main texts will be:

- *Globalizing Capital: A History of the International Monetary System* by Barry Eichengreen, Princeton University Press, 2008 – referred to as BE henceforth.
- *The Globalization Paradox: Democracy and the Future of the World Economy* by Dani Rodrik, Norton Publishing, 2012 – referred to as DR henceforth.

The first book provides a sweeping overview of the international financial system and its evolution from a historical perspective on the future prospects of global capital markets. The second book enhances our understanding of the causes and consequences of globalization, including for international market integration and backlash, due not so much to macroeconomic underperformance but inequality impacts.

For conceptual aspects of international finance useful to inform our analysis of global financial crises, we will also be using *An Introduction to International Economics: New Perspectives on the World Economy*, Cambridge University Press, by Kenneth Reinert (when covering open economy topics) – referred to as KR henceforth.

Another reference, for those interested on more technical economic aspects, is *International Economics: Theory and Policy* (12<sup>th</sup> edition) by Paul Krugman, Marc Melitz and Maurice Obstfeld (Pearson, 2022) – referred to as KMO henceforth.

In addition, it is highly recommended that you keep abreast of current global economic affairs by reading the specialized media analyses. Particularly, read regularly the news related to the international monetary system and supporting institutions. A useful source is the weekly news publication, *The Economist*.

Other sources of interest include two dailies: *The Financial Times* and *The Wall Street Journal*.

The textbook reading assignments specified in the course outline below will be complemented with articles dealing with current, recent and historical macroeconomic issues and policy examples in order to apply the analytical tools to the COVID-19 crisis and ongoing trends like global warming.

There will also be scholarly articles covered on topical contemporary policy issues such as digital assets, cryptocurrencies, and global value chains among others. These working papers will be posted in advance as we go along since they are being released with increasing frequency as new technologies gain further influence on the international macroeconomic policy landscape.

Finally, over the course of the semester, we will have occasional practitioner guest lecturers from the upper echelons of international macroeconomic institutions at the trenches of policymaking to illustrate in action the use of the analytical tools learned in class. They might also recommend complementary readings.

### **Course Requirements and Grading**

The final grade will be determined by the participation grade (15 percent); the midterm exam (20 percent); a class project consisting of an oral group presentation (15 percent) as well as a written policy brief (20 percent); and a cumulative final exam (30 percent).

The grading scale is: 100-97 (A+), 96-94 (A), 93-90 (A-), 89-87 (B+), 86-84 (B), 83-80 (B-), 79-77 (C+), 76-74 (C), 73-70 (C), 69-60 (D), <60 (F).

### **Course Outline**

Week 1 (August 27<sup>th</sup>): Introduction to Class: International Monetary System and Institutions

Chapter 1 in BE  
Chapters 17 and 19 in KR

Week 2 (September 3<sup>rd</sup>): *Exchange Rate Determination and Purchasing Power Parity*

Chapters 13 and 14 in KR

Week 3 (September 10<sup>th</sup>): The Impossible Trinity (aka The Monetary Trilemma)

Chapters 1 and 2 in DR  
Chapters 17 in KR & 19 in KMO

Week 4 (September 17<sup>th</sup>): Internal and External Balance

Chapters 2 and 3 in BE  
Chapters 18 in KR & 20 in KMO

Week 5 (September 24<sup>th</sup>): Origins of Financial Crises and The Financial Trilemma

Chapters 4 and 5 in BE  
Chapter 18 in KR

Week 6 (October 1<sup>st</sup>): *International Financial Turbulence Contagion*  
(Lecture 10)

Chapters 5 and 6 in DR  
Chapter 22 in KMO

**Week 7 (October 8<sup>th</sup>): Midterm Exam**

Week 8 (October 15<sup>th</sup>): *The Impossible Trinity in Action: Optimal Currency Areas*

Chapters 16 and 21 in KR  
Chapter 21 in KMO

Week 9 (October 22<sup>nd</sup>): *New Technologies, Monetary Policy and Global Financial Regulation*

- Wei, S. and Y. Xie, "[Monetary Policy in an Era of Global Supply Chains](#)," NBER Paper No. 26602, 2020.
- Abadi, J. and M. Brunnermeier, "[Blockchain Economics](#)," Princeton University, 2019.
- Brunnermeier, M., H. James, and J. Landau, "[The Digitalization of Money](#)," Princeton University, 2019.

Week 10 (October 29<sup>th</sup>): *The Great Depression as a global Financial Crisis* [Group Presentations]

Chapter 3 in BE and "Golden Fetters: The Gold Standard and the Great Depression," NBER

Week 12 (November 5<sup>th</sup>): *Links among Globalization Dimensions* [Group Presentations]

"Migration and Cross-Border Financial Flows," *The World Bank Economic Review* 32(1): 148–162, May 2018; Maurice Kugler, Oren Levintal and Hillel Rapoport

"International Labor and Capital Flows: Complements or Substitutes?"  
*Economics Letters*, 94(2): 155-162, February 2007; Maurice Kugler and Hillel Rapoport

Week 13 (November 12<sup>th</sup>): *Globalization and The Political Trilemma* [Written Policy Brief Due]

Chapters 9 and 10 in DR

*Week 14 (November 19<sup>th</sup>): Global Public Goods and International Policy Coordination*

Eichengreen, B. "[International Policy Coordination: The Long View](#)," Chapter 2, in *Globalization in an Age of Crisis: Multilateral Economic Cooperation in the Twenty-First Century*, R. Feenstra and A. Taylor eds, 2014.

Kugler, M. & Sinha, "[The impact of COVID-19 and the policy response in India](#)," Brookings, 2020

United Nations Development Programme, "Deepening Progress: Global Goods and Collective Action," Chapter 5 (pages 111-132), [Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience](#), Human Development Report, New York, NY, 2014.

**Week 15 (November 26<sup>th</sup>): Thanksgiving Week**

**Week 16 (December 3<sup>rd</sup>): Sustainable Long-Run Macroeconomic Performance & Final Exam Review**

[Nordhaus, W. "Climate Change: The Ultimate Challenge in Economics,"](#) *American Econ. Review*

***Week 17 (December 10<sup>th</sup>): Final Exam***

## **Academic Standards**

Academic Standards exist to promote authentic scholarship, support the institution's goal of maintaining high standards of academic excellence, and encourage continued ethical behavior of faculty and students to cultivate an educational community which values integrity and produces graduates who carry this commitment forward into professional practice.

As members of the George Mason University community, we are committed to fostering an environment of trust, respect, and scholarly excellence. Our academic standards are the foundation of this commitment, guiding our behavior and interactions within this academic community. The practices for implementing these standards adapt to modern practices, disciplinary contexts, and technological advancements. Our standards are embodied in our courses, policies, and scholarship, and are upheld in the following principles:

- **Honesty:** Providing accurate information in all academic endeavors, including communications, assignments, and examinations.
- **Acknowledgement:** Giving proper credit for all contributions to one's work. This involves the use of accurate citations and references for any ideas, words, or materials created

by others in the style appropriate to the discipline. It also includes acknowledging shared authorship in group projects, coauthored pieces, and project reports.

- **Uniqueness of Work:** Ensuring that all submitted work is the result of one's own effort and is original, including free from self-plagiarism. This principle extends to written assignments, code, presentations, exams, and all other forms of academic work.

Violations of these standards—including but not limited to plagiarism, fabrication, and cheating—are taken seriously and will be addressed in accordance with university policies. [The process for reporting, investigating, and adjudicating violations is outlined in the university's procedures here](#). Consequences of violations may include academic sanctions, disciplinary actions, and other measures necessary to uphold the integrity of our academic community.

The principles outlined in these academic standards reflect our collective commitment to upholding the highest standards of honesty, acknowledgement, and uniqueness of work. By adhering to these principles, we ensure the continued excellence and integrity of George Mason University's academic community.

**Student responsibility:** Students are responsible for understanding how these general expectations regarding academic standards apply to each course, assignment, or exam they participate in; students should ask their instructor for clarification on any aspect that is not clear to them.

## **Accommodations for Students with Disabilities**

Disability Services at George Mason University is committed to upholding the letter and spirit of the laws that ensure equal treatment of people with disabilities. Under the administration of University Life, Disability Services implements and coordinates reasonable accommodations and disability-related services that afford equal access to university programs and activities. Students can begin the registration process with Disability Services at any time during their enrollment at George Mason University. If you are seeking accommodations, please visit the [Disability Services website](#) for detailed information about the Disability Services registration process. Disability Services is located in Student Union Building I (SUB I), Suite 2500. Email: [ods@gmu.edu](mailto:ods@gmu.edu). Phone: (703) 993-2474.

**Student responsibility:** Students are responsible for registering with Disability Services and communicating about their approved accommodations with their instructor in advance of any relevant class meeting, assignment, or exam.

## **FERPA and Use of GMU Email Addresses for Course Communication**

The Family Educational Rights and Privacy Act (FERPA) governs the disclosure of education records for eligible students and is an essential aspect of any course. **Students must use their GMU email account** to receive important University information, including communications related to this class. Instructors will not respond to messages sent from or send messages regarding course content to a non-GMU email address.

**Student responsibility:** Students are responsible for checking their GMU email regularly for course-related information, and/or ensuring that GMU email messages are forwarded to an account they do check.

## **Title IX Resources and Required Reporting**

As a part of George Mason University's commitment to providing a safe and non-discriminatory learning, living, and working environment for all members of the University community, the University does not discriminate on the basis of sex or gender in any of its education or employment programs and activities. Accordingly, **all non-confidential employees, including your faculty member, have a legal requirement to report to the Title IX Coordinator, all relevant details obtained directly or indirectly about any incident of Prohibited Conduct** (such as sexual harassment, sexual assault, gender-based stalking, dating/domestic violence). Upon notifying the Title IX Coordinator of possible Prohibited Conduct, the Title IX Coordinator will assess the report and determine if outreach is required. If outreach is required, the individual the report is about (the "Complainant") will receive a communication, likely in the form of an email, offering that person the option to meet with a representative of the Title IX office.

For more information about non-confidential employees, resources, and Prohibited Conduct, please see University Policy 1202: [Sexual and Gender-Based Misconduct and Other Forms of Interpersonal Violence](#). Questions regarding Title IX can be directed to the Title IX Coordinator via email to [TitleIX@gmu.edu](mailto:TitleIX@gmu.edu), by phone at 703-993-8730, or in person on the Fairfax campus in Aquia 373.

**Student opportunity:** If you prefer to speak to someone confidentially, please contact one of Mason's confidential employees in [Student Support & Advocacy \(SSAC\)](#), Counseling and [Psychological Services \(CAPS\)](#), [Student Health Services \(SHS\)](#), and/or the [Office of the University Ombudsperson](#).