**Syllabus**

Over the past 15 years, global financial flows have become one of the most important determinants of a country’s economic performance. The type of international capital has also changed: Commercial bank credit and foreign direct investment are being overshadowed by portfolio investment in the form of stocks and bonds. This course looks at local and national levels of financial activity; it explores how governments in emerging market countries are handling the increase in private international capital flows. Are rising levels of portfolio capital leading economies to converge towards the same institutions? What effects do different models of financing have on political development? What are the needs for accountability in a democratic political order? What are the policy choices for these emerging economies?

The first module of the course reviews the history of international capital flows and the emergence of capital markets in developing countries. It then briefly explores different models for explaining country success and failure in attracting and using these funds.

The second module explores the role of the financial-industrial groups (FIGS). It looks at the characteristics of FIGS and asks how, and, why they emerge.

The third module studies the role of institutions in development: the Central Bank and multilateral financial institutions (MFIs). It asks whether an independent central bank is the appropriate institution for managing capital flows, or whether currency boards or dollarization are better options. It further explores how these three options meet with the need for accountability in a democratic political order. It explores how MFI policies affect country-level decisions in finance, and whether they accelerate global financial integration or reinforce the existing global financial hierarchy.

The fourth module focuses on the regulation of financial markets, asking what a state can do to regulate financial markets, and exploring why states impose different regulatory models. It returns to the actors in financial-industrial groups, exploring the differences among FIGs, both cross-sectionally and cross-nationally. It introduces the area of informal markets, assessing the role they play in financial policy.

The fifth module steps back, reviewing the different explanations for financial crises. It analyzes the different ways that scholars have explained outcomes, and assesses the public policy consequences. It then returns to case studies in Eastern Europe.

Throughout, the course takes a regional case study approach, studying the contemporary Latin American, Asian, and Eastern European and Russian experiences with financial liberalization and crisis.