

*Final syll.: March 26, 2021*

University of Denver  
Josef Korbel School of Int'l Studies  
Spring 2021

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**INTS 4709.4**  
**SHORT SEMINAR: ISSUES IN FINANCIAL DEVELOPMENT POLICY**

**Course meets via Zoom, Wednesdays, 2-450pm (March 31-April 28, 2021)**  
**Zoom course meeting code 823 9150 1434**

**Seminar Description:**

This seminar focuses on debates concerning financial policies, institutions, and issues beyond matters examined in the Finance and Development seminar (INTS 4355). The possible topics to be discussed include: (1) capital account (external) liberalization, capital control policies, and measures to reduce capital flight and illicit financial flows; (2) monetary policy, central bank governance, inflation and “real” targeting, and “green” central banking; (3) currency boards, currency substitution (i.e., “dollarization”), and exchange rate choices; (4) national, sub-regional, regional, trans-regional, and multilateral development banks; patient capital; and finance for sustainable infrastructure; (5) public-private partnerships in development finance; (6) micro lending, informal financial institutions and practices, and group lending; (7) financial inclusion and “fintech”; and (8) modern monetary theory: implications for policy in the global south and east. I will assume that seminar participants already understand the basic workings of the international financial system.

Webster's dictionary defines a seminar as a "group of advanced students studying under a professor with each doing research and all exchanging results through reports and discussions." What you put in is what you get out, and the key to a seminar is your preparation, thought and participation. You will be required to read approximately 200 pages a week. You need to read the assignments far enough ahead to think, write and communicate about them with the class. The responses you will write to discussion questions and our conversations in the seminar will be the means by which we come to an understanding of the topics the group chooses to discuss.

Students who apply themselves to the materials in the seminar should be able to understand the economic and political logic of diverse positions taken in contemporary debates about financial policies, institutions, and issues as they pertain to countries in the global south and east. Students should acquire the capacity to understand the theoretical, empirical, institutional, and historical underpinnings of the topics discussed in the seminar. My hope is that upon completing the seminar

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<sup>1</sup> To set an appointment to see me during office hours please click on this link: <https://calendly.com/appt-with-ilene-grabel/office-hours-ilene-grabel?month=2021-01>. Once you make an appointment the Calendly app will generate a Zoom code for the meeting. Be in touch with me via email if you would like to meet with me at a time other than my office hours.

students will be able to participate intelligently in discussions of current and future policy challenges in financial development.

### **Student Submissions and Expectations:**

#### ***Discussion Question Responses (also known as Quizzes)***

Students will submit written responses to discussion questions (on the required readings) that I pose each week, beginning in week two. *These will be due by 2pm on Tuesday, April 6; Tuesday, April 13; Tuesday, April 20; and Tuesday, April 27.* This exercise will provide you with the opportunity to synthesize, assess, and explore the relevance and implications of the required readings. Instructions and prompts for the quizzes will be in Canvas in the “Quizzes” section and should be submitted to me there as well. Please download a copy or take a screenshot of your quiz before you submit it and keep it handy for our seminar meeting. It will be a helpful resource in connection with discussion the next day.

#### ***Seminar Participation, Community, and Readings***

I expect active, regular participation in the seminar. It will be fun. We will learn a lot from one another. This is a great chance to work on your ability to speak in groups in a supportive environment. Please keep your screens on so that we maximize community.

### **Weekly Readings:**

Readings for the seminar are of two types—required and optional. *Each week you must read all of the required reading.* Try to read the required readings in the order that they appear on the course outline.

The optional readings are not required under any circumstances; they are there for those of you who may be interested in reading beyond the seminar or in pursuing future research on a particular topic.

### **How to Obtain Readings for the Seminar:**

You can obtain the required readings from Canvas (these are in the “Modules” tab).

Please note that you can also find many of the readings on your own by using Jstor, Goldrush or Article Finder (on the Anderson website), Google, or Google Scholar. Please plan for problems with Canvas—this means that you should obtain course materials well in advance of the time that a particular reading has been assigned. *If Canvas is not functioning or if you have trouble downloading an item from Canvas, please first try to obtain the reading on your own using Google/Google Scholar/ Goldrush/Jstor/Article Finder or other resources available through the Anderson Academic Commons website.*

Note that with only a few exceptions optional readings are not available through Canvas (but you may find many of them on your own).

## **Grading:**

Course grades will be determined by two factors: four quizzes (together they account for 80% of the grade, each quiz accounts for 20%); and seminar participation (20% of grade).

In order to avoid confusion about final grades, please note the obvious: if you choose NOT to participate in seminar discussions (or do so only on the rarest of occasions) a grade of zero for seminar participation will figure into your weighted average. And, needless to say, completing the readings and quizzes each week is essential to effective participation.

## **SEMINAR OUTLINE**

### **SESSION 1 (March 31)**

#### **INTRODUCTION TO THE SEMINAR: OVERVIEW OF SOME KEY DEVELOPMENTS AND DEBATES IN FINANCIAL DEVELOPMENT POLICY, INSTITUTIONS, AND ISSUES**

*What are the most pressing challenges facing policymakers in the financial development arena? What are the key fault lines among academics who study financial development? What are some of the key issues in financial development policy that you are most likely to confront in your post-Korbel career? And what we will do in this seminar?*

There are no required readings for the first meeting of the seminar. However, attendance at this meeting is critical. I will be delivering a short lecture during our first meeting that provides an overview of some of the key issues, debates, and policy challenges confronting those who study or work in financial development. This material will provide the context for the subject matter to be discussed for the next four weeks. We will also, of course, discuss the specifics of the seminar, e.g., requirements, the syllabus, etc.

If you want to read a few papers that might surprise you before the term begins, please see Arcand, Enrico Berkes and Ugo Panizza, "[Too Much Finance](#)" (IMF Working Paper No. 161, June 2012). Berkes and Panizza raise the provocative question of whether finance (after a certain level) can be a drag on economic growth. The answer is yes. In a short, provocative essay written for a popular audience during the Covid crisis, Jomo Kwame Sundaram and Michael Lim Mah Hui, "Financialisation: Tackling the Other Virus" (IPS News, July 2020), describe financialization as a virus that afflicts countries of the global south and east. Should you wish to dig more deeply into the topic of financialization, Malcolm Sawyer, "The processes of financialisation and economic performance, *Economic and Political Studies*" (5:1, 5-20, 2017), argues from a post-Keynesian perspective that there can be too much finance. Sawyer also concludes that too much finance (which he discusses in terms of "financialization") has other negative effects on the economy beyond being a drag on economic growth. These three readings are optional. They can be found in the Introductory "Module" in Canvas.

I know you are already in the habit of following global financial news. I am a financial news addict, as you know. We will *always* connect the financial news to what we are studying. I encourage you to raise issues that come up in the financial news—we can always discuss them in class or privately, and I can clarify any issues or terminology that you find unclear. The best sources of financial news are as follows: the International Monetary Fund’s (IMF) [IMF Survey](#), the IMF’s magazine [Finance and Development](#), the business section of the *New York Times*, the *Financial Times* (newspaper), and *The Economist* (magazine). Note that you have free access to the *New York Times*, *Wall Street Journal*, and *The Economist* as a DU student. See the information on how to access these publications in the “Announcements” section of Canvas.

**Seminar participants will select four issues from the following list to be discussed over the subsequent four weeks.** (1) capital account (external) liberalization, capital control policies, and measures to reduce capital flight and illicit financial flows; (2) monetary policy, central bank governance, inflation and “real” targeting, and “green” central banking; (3) currency boards, currency substitution (i.e., “dollarization”), and exchange rate choices; (4) national, sub-regional, regional, trans-regional, and multilateral development banks; patient capital; and finance for sustainable infrastructure; (5) public-private partnerships in development finance; (6) micro lending, informal financial institutions and practices, and group lending; (7) financial inclusion and “fintech”; and (8) modern monetary theory: implications for policy in the global south and east.

Please be prepared to vote on the topics to be discussed. The vote will be administered through Doodle.com immediately after our first meeting, and your votes will be due by 9am on Thursday, April 1. I will report on the results of the vote (and hence the topics to be discussed) by noon on Thursday, April 1. After I report on the results of the vote you may wish to record the topics and dates below.

Wednesday, April 7: Topic 1 \_\_\_\_\_

Wednesday, April 14: Topic 2 \_\_\_\_\_

Wednesday, April 21: Topic 3 \_\_\_\_\_

Wednesday, April 28: Topic 4 \_\_\_\_\_

Note: I will post the first set of discussion questions to which you should respond during the afternoon of Thursday, April 1.

## **TOPIC #1**

### **CAPITAL ACCOUNT (EXTERNAL) LIBERALIZATION, CAPITAL CONTROL POLICIES, AND MEASURES TO REDUCE CAPITAL FLIGHT AND ILLICIT FINANCIAL FLOWS**

*What are the macroeconomic and microeconomic costs and benefits of liberalized international capital flows? Is there evidence that increased inequality is associated with capital flow liberalization? Does capital flow liberalization have particular effects on women? Do the net effects of capital liberalization differ for foreign direct investment, portfolio investment, and international bank loans? What types of capital controls have been utilized vis-à-vis diverse types of international capital flows, and have these measures succeeded in relation to their goals? Why did the global crisis legitimate capital controls--and is this a good thing? Will the financial instability associated with the challenges of the Covid-19 crisis call forth new capital controls? Will capital flow liberalization return as an ideal in the post-Covid environment (and did it ever*

*cease to be one)? What are the economic, social, and political costs associated with capital flight and illicit financial flows? How can capital flight and illicit financial flows be curbed?*

Required:

- Keynes, John Maynard, "National Self Sufficiency," *Yale Review*, 1933, 22(4), pp. 755-69.
- Chang, H.-J. and I. Grabel, Ch. 9, Reclaiming Development: An Alternative Economic Policy Manual, London: Zed Books, 2004 or 2015.
- Grabel, Ilene. 2017. *When Things Don't Fall Apart: Global Financial Governance and Developmental Finance in an Age of Productive Incoherence*, Cambridge: The MIT Press. Read chapter 7.
- Chang, H.-J., 23 Things They Don't Tell You About Capitalism, London/NY: Allen Lane/Penguin, 2010, see "thing 8, 16" (especially discussion of Simon's concept of bounded rationality, "thing 22," and pp. 254-55 & pp. 259-60.
- Berg, Andrew, Prakash Loungani, and Jonathan Ostry, "Financial Globalization and Inequality," in *Confronting Inequality*, Andrew Berg, Prakash Loungani, and Jonathan Ostry (eds.), Columbia University Press, 2019.
- Seguino, Stephanie, "Engendering Macroeconomic Theory and Policy," *Feminist Economics*, 26(2), pp. 27-61. Read pp. 44-45 on "Financial liberalization."
- Mishkin, Frederic, "Why we shouldn't turn our backs on financial globalization," *IMF Staff Papers*, 2009, 56(1), pp. 139-70.
- Subramanian, Arvind and Dani Rodrik, "The Puzzling Lore of Financial Globalization," *Project Syndicate*, September 25, 2019.
- Boyce, James and Leonce Ndikumana, "Strategies for Addressing Capital Flight," PERI Working Paper No. 361, June 2015, read section 3.
- Ndikumana, Leonce, "Integrated Yet Marginalized: Implications of Globalization for African Development," PERI Working Paper No. 381, Nov. 2015. Please focus on the discussion of illicit financial flows.
- UNCTAD, *Trade and Development Report 2019*, New York: UN. Skim chapter 5 for discussion of policies to curtail illicit financial flows.

**TOPIC #2**

**MONETARY POLICY, CENTRAL BANK GOVERNANCE, INFLATION AND "REAL" TARGETING, AND "GREEN" CENTRAL BANKING**

*What is the difference between de jure and de facto central bank independence? What is the economic logic that supports central bank independence? What are the economic costs and benefits of de facto central bank independence? What are the distributional implications of monetary policy (e.g., on women, on vulnerable social groups, export-oriented countries)? What is inflation targeting? What is the economic logic that supports inflation targeting? What are the economic costs and benefits of inflation targeting? What are the tradeoffs involved in targeting not just inflation but also "real variables," such as employment, inequality? To what extent has the global financial and the Covid-19 crisis influenced central banking practice (e.g., concerning inflation targeting and the targeting of other variables)? What are the prospects of what some are calling "green" central banking, that is, the use of monetary policy to advance sustainability?*

Required:

- Chang, H.-J. and I. Grabel, Ch. 11, Section 11.2, Reclaiming Development: An Alternative

- Economic Policy Manual, London: Zed Books, 2004.
- Chang, H.-J., 23 Things They Don't Tell You About Capitalism, London/NY: Allen Lane/Penguin, 2010, see "thing 6."
- Cukierman, A., S. Webb, and B. Neyapti, "Measuring the Independence of Central Banks and its Effect on Policy Outcomes," World Bank Economic Review, 1992, 6(3), pp. 353-98.
- Grabel, I. "Ideology, power and the rise of independent monetary institutions in emerging economies," in J. Kirshner (ed.), *Monetary Orders: Ambiguous Economics, Ubiquitous Politics*, Ithaca: Cornell University Press, 2003, pp. 25-52. (Focus only on the parts of the paper that deal with independent central banks. Skip the discussion of currency boards.)
- Gemayel, E. et al., "What Can Low-Income Countries Expect from Adopting Inflation Targeting?" IMF Working Paper No. 276, Nov. 2011.
- Benlialper, Ahmet, and Hasan Cömert. 2016. Central Banking in Developing Countries After the Crisis: What Has Changed?, IDEAS Working Paper Series, No. 1.
- Epstein, Gerald. "Developmental central banking: winning the future by updating a page from the past." *Review of Keynesian Economics* 1, no. 3 (2013): 273-287.
- Seguino, Stephanie, "Engendering Macroeconomic Theory and Policy," *Feminist Economics*, 26(2), pp. 27-61. Read pp. 51-52.
- Boait, Fran, "Green Central Banking," Commonwealth, July 2019.
- Select one article from among those listed below:
- Defenses of the new approach to central banking and monetary policy:*
- Eichengreen, Barry, "New model central banks," Project Syndicate, February 9, 2021.
- The Economist, Free exchange, "China leads in precision timing central banking," The Economist, February 13, 2021.
- Critiques of the new approach to central banking and monetary policy:*
- The Economist, Free exchange, "The perils of asking central banks to do too much," The Economist, March 13, 2021.
- Wolf, Martin, "What central banks out to target," Financial Times, March 2, 2021.

#### Optional:

- Music video on inflation targeting by the Central Bank of Jamaica  
<https://twitter.com/CentralBankJA/status/1299127633364557826?s=20> (link in Canvas)
- Jason Hickel, "The (anti) politics of central banking: Monetary policy, class conflict and the limits of sovereignty in South Africa," *Economy and Society*, 2021,  
<https://doi.org/10.1080/03085147.2021.1841931> (in Canvas)

### **TOPIC #3**

#### **CURRENCY BOARDS, CURRENCY SUBSTITUTION (I.E., "DOLLARIZATION"), AND EXCHANGE RATE CHOICES**

*What are the objectives of currency board regimes? Why do so few countries have currency boards? What are the economic costs and benefits of currency boards? What is meant by formal and informal currency substitution? What are the economic costs and benefits of currency substitution? What is meant by "corner solutions"? What are the tradeoffs involved in a range of exchange rate choices (e.g., floating, fixed, peg, crawling/adjustable peg systems)? Does the global crisis hold any lessons that pertain to exchange rate choices? To what extent is maintaining a*

*competitive exchange rate (long associated with developmental state theory and non-neoclassical approaches to finance and development) an appropriate policy objective at the present time?*

Required:

Chang, H.-J. and I. Grabel, Ch. 11, Section 11.1, Reclaiming Development: An Alternative Economic Policy Manual, London: Zed Books, 2004 or 2015.

*Currency boards:*

Ghosh, A., A.-M. Gulde, H. Wolf, "Currency Boards: The Ultimate Fix?" IMF Working Paper No. 8, January 1998.

Grabel, I. "Ideology, power and the rise of independent monetary institutions in emerging economies," in J. Kirshner (ed.), *Monetary Orders: Ambiguous Economics, Ubiquitous Politics*, Ithaca: Cornell University Press, 2003, pp. 25-52. (Focus only on the parts of the paper that deal with currency boards.)

*Currency substitution:*

Sachs, J. and F. Larrain, "Why dollarization is more straightjacket than salvation," Foreign Policy, Fall 1999, pp. 81-92.

*Exchange rate choices:*

Rodrik, D., "The real exchange rate and economic growth," *Brookings Papers on Economic Activity*, 2008, 2, pp. 365-412.

Frankel, J., "No single currency regime is right for all countries or at all times," *Princeton essays in international finance*, no. 215, Aug. 1999.

de Paula, Luiz Fernando, Barbara Fritz, and Daniela M. Prates, "Keynes at the Periphery: Currency Hierarchy and Challenges of Economic Policy in the Periphery," *Journal of Post Keynesian Economics*, 2017, 40(2), 183-202.

Steinberg, David, Demanding Devaluation: Exchange Rate Politics in the Developing World, 2015, Ithaca: Cornell University Press, read chapter 3.

**TOPIC #4**

**NATIONAL, SUB-REGIONAL, REGIONAL, TRANS-REGIONAL, AND MULTILATERAL DEVELOPMENT BANKS; PATIENT CAPITAL; AND FINANCE FOR SUSTAINABLE INFRASTRUCTURE**

*Why is patient capital important, and what kinds of incentives and structures increase patience? What roles do development banks play? Why are there so many development banks in countries of the global south and global east? What are multilateral development banks (also known as legacy institutions) and what role do they play in the global financial architecture? On balance, have development banks performed well in terms of their goals? What accounts for the recent expansion of older and the creation of so many new development banks, especially those that involve China as a key actor? Do the newer development banks present a challenge to legacy institutions (such as the World Bank, the Asian Development Bank, the Inter-American Development Bank, and the African Development Bank)? Are development banks important as a (potential) source of finance for sustainable development and the achievement of other goals embodied in the SDGs, particularly those that relate to (green) infrastructure? Can development banks be "greened"? Do development banks have an important role to play Covid-19 economic recovery programs? Have efforts to securitize and "crowd in" private finance proven successful?*

Required:

- Grabel, Ilene. 2017. *When Things Don't Fall Apart: Global Financial Governance and Developmental Finance in an Age of Productive Incoherence*, Cambridge, MA: The MIT Press. Read chapter 6. (Skip the discussion of reserve pooling/liquidity support arrangements).
- Griffith-Jones, Stephany and José Antonio Ocampo, "Why the World Needs National Development Banks," Project Syndicate, May 15, 2019.
- Griffith-Jones, Stephany, Régis Marodon, and José Antonio Ocampo, "Mobilizing Development Banks to Fight Covid-19, Project Syndicate, April 8, 2020.
- Mazzucato, Mariana and Laurie Macfarlane, How to Build a Patient Investment Bank," New Europe, April 2, 2019.
- Bhattacharya, Amar, Jeremy Oppenheim, and Lord Nicholas Stern. "Driving Sustainable Development through Better Infrastructure: Key Elements of a Transformation Program." Brookings Global Economy & Development Working Paper 91, 2015.
- F20, Aligning G20 Infrastructure Investment with Climate Goals and the 2030 Agenda, Brookings Institution, Global Economy and Development, and Boston University, Global Development Policy Center, June 2019.
- Gottschalk, Ricardo. 2016. The Role of Development Banks in Promoting Growth and Sustainable Development in the South, United Nations Conference on Trade and Development, December, mimeo.
- Helleiner, Eric, "Multilateral Development Finance in Non-Western Thought: From Before Bretton Woods to Beyond," *Development and Change*, 2018, 50(1), pp. 144-63.
- Seguino, Stephanie, "Engendering Macroeconomic Theory and Policy," *Feminist Economics*, 26(2), pp. 27-61. Read pp. 46-49.
- Humphrey, Chris, "'Minilateral' Development Banks: What the Rise of Africa's Trade and Development Bank Says About Multilateral Governance," *Development and Change*, 2018, 50(1), pp. 164-90.
- Gabor, Daniela, "Securitization for Sustainability," Heinrich Böll Stiftung, Washington, DC, 2019.

## TOPIC #5

### PUBLIC-PRIVATE PARTNERSHIPS IN DEVELOPMENT FINANCE

*Public private partnerships (PPPs) are all the rage in development. Have they lived up to the claims of their proponents? What types of measures should be incorporated into PPPs in order to maximize their net developmental benefits? What is your view of the developmental potential of what is now being called "blended finance"? What are the prospects of crowding in private finance for development?*

#### Required:

- World Bank, Financing for Development Post-2015, October 2013, Washington, DC: World Bank, read section 4.
- Arditti, Guillaume, "Closing Africa's Financing Gap," Closing Africa's Financing Gap," Project Syndicate, Feb. 26, 2019.
- Rabah Arezki, Patrick Bolton, Sanjay Peters, Frederic Samama, and Joseph Stiglitz From Global Savings Glut to Financing Infrastructure: The Advent of Investment Platforms IMF Working Paper, Feb. 2016, WP/16/18
- Trebilcock, Michael, and Michael Rosenstock. "Infrastructure Public-Private Partnerships in the

- Developing World: Lessons from Recent Experience." *The Journal of Development Studies* (2015): 1-20.
- Grabel, Ilene, "Evaluation of "Making the Global Financial System Work For All" (October 2018 report of the G20 Eminent Persons Group on Global Financial Governance, EPG-GFG), prepared for the United Nations Conference on Trade and Development, Division on Globalization and Development, March 2019.
- Jomo KS, Anis Chowdhury, Krishnan Sharma, Daniel Platz, "Public-Private Partnerships and the 2030 Agenda for Sustainable Development: Fit for purpose? DESA Working Paper No. 148 ST/ESA/2016/DWP/148 FEB 2016
- Bayliss, Kate and Elisa Van Waeyenberge, "Unpacking the Public Private Partnership Revival," *The Journal of Development Studies*, 2017.
- Kapoor, Sonny, "Billions to Trillions-A Reality Check," A Re-Define Policy Brief, March 2019.
- Gabor, Daniela, "Understanding the Financialisation of Development Through 11 FAQs," Heinrich Boell Foundation, August 2018.

### **TOPIC #6**

#### **MICROLENDING, INFORMAL FINANCIAL INSTITUTIONS AND PRACTICES, AND GROUP LENDING**

*What types of microfinance institutions (MFIs) exist? What have been the chief benefits of MFIs? Why have so many recent analyses been skeptical or even critical of MFIs, particularly when they involve commercialization? Do you find these critical analyses compelling? Why do so many discussions of MFIs center around women, and to what extent does microfinance promote female empowerment, as many claim? What do you make of analyses that explore the effects of microfinance on violence against women? What lessons can be drawn from experiences with MFIs that can render them more developmentally beneficial? Beyond microfinance, what other types of informal financial arrangements exist in countries of the global south and global east? For example, what are ROSCAs, susus, and who are the "Banker Ladies"? To what extent are adaptations of legacy informal financial arrangements utilized by diaspora communities? Are informal financial arrangements a form of resistance and are they a response to exclusion and marginalization? Do they support empowerment, anti-racism, and are they a feature of the "social economy" and of Black social economies in particular?*

#### Required:

- Shenaz Hossein, Caroline, *Politicized Microfinance: Money, Power, and Violence in the Black Americas*, Toronto: Toronto University Press, 2016, read chapters 1, 5-6.
- Aitken, Rob, "The Financialization of Microcredit," *Development and Change*, 2013, 44(3), pp. 473-99.
- Johnston, Melissa Frances, "Frontier Finance: The Role of Microfinance in Debt and Violence in Post-Conflict Timor-Leste," *Review of International Political Economy*, 2020. 27(6), pp. 1305-1329.
- Ghosh, Jayati. "Microfinance and the challenge of financial inclusion for development." *Cambridge journal of economics* (2013), 37, pp. 1203-19.
- Bateman, Milford, "The Role of Microfinance in Contemporary Rural Development Finance Policy and Practice: Imposing Neoliberalism as 'Best Practice,'" *Journal of Agrarian Change*, 2012, 12(4), pp. 587-600, OR, Guerin, Isabelle and Santosh Kumar, "Market, Freedom and the Illusions of Microcredit. Patronage, Caste, Class and

- Patriarchy in Rural South India,” *The Journal of Development Studies*, 53:2, pp. 741-754, 2017
- Shenaz Hossein, Caroline, “Building Economic Solidarity: Caribbean ROSCAS in Jamaica, Guyana, and Haiti,” in *The Black Social Economy in the Americas*, New York: Palgrave MacMillan, 2018, pp. 79-95.
- Shenaz Hossein, Caroline, “The Politics of Resistance: Informal Banks in the Caribbean,” *Review of Black Political Economy*, 41(1), 2014, pp. 85-100.
- Shenaz Hossein, Caroline, “The Black Social Economy: Perseverance of Banker Ladies in the Slums,” *Annals of Public and Cooperative Economics*, 2013, 84(4), 423-442.

Optional:

- Film: “The Banker Ladies,” Dr. Caroline Shenaz Hossein and Director Esery Mondesir, 2021, <https://youtu.be/fXMYRtLTYP0>, or Dr. Caroline Shenaz Hossein, “Canada’s Hidden Coop System with the World: The legacy of the Black Banker Ladies,” Big thinking lecture on the Hill; March 16, 2021; <https://youtu.be/77fWTxqPORI> (links in Canvas)

**TOPIC #7**

**FINANCIAL INCLUSION AND “FINTECH”**

*Financial inclusion has become an important metric for assessing financial system performance. What is meant by financial inclusion and how is it measured? Is financial inclusion just the latest development fad? Does financial inclusion reduce inequality? Does financial inclusion enhance sustainability? What are the characteristics of inclusive financial systems? In what ways can financial systems be made to be more inclusive? For example, do mobile banking and other fintech innovations promote financial inclusion? What challenges are introduced by fintech?*

Required:

- IMF, *Fintech: “The Experience So Far,”* IMF Policy, June 2019, read pp. 1-19.
- Realini, Carol and Karl Mehta, *Financial Inclusion At the Bottom of the Pyramid*, Victoria, British Columbia: Friesen Press, 2015, chapters 20-21.
- Cihak, Martin and Ratna Sahay, “Finance and Inequality,” IMF Staff Discussion Note No. 1, 2020, read pp. 14-top of p. 18.
- World Bank *Financial Development Report 2014: Financial Inclusion* (see meeting 1 of seminar), chapter 1, Appendix B, Appendix C, Washington, DC: World Bank.
- Berthaud, Alexandre and Gisela Davico for Universal Postal Union, “Global Panorama on Postal Financial Inclusion: Business Models and Key Issues,” March 2013. Read introduction (section I and sections IV and V).
- Gabor, Daniela and Sally Brooks (2017) *The digital revolution in financial inclusion: international development in the fintech era*, *New Political Economy*, 22:4, 423-436.
- Bateman, Milford, “Fintech as a Destructive Force in the Field of Local Economic Development,” paper presented at 2<sup>nd</sup> International SINCERE Conference, October 2018.
- Aron, Janine, “Mobile Money and the Economy: A Review of the Evidence,” *World Bank Research Observer*, 2018, 33(2), pp. 135-88, SKIM.
- Nassiry, Darius, “The role of fintech in unlocking green finance: Policy insights for developing countries,” ADBI Working Paper Series, No. 883, Asian Development Bank Institute (ADBI), Tokyo. 2018.

Singh, JP, “Development Finance 2.0: Do Participation and Information Technologies Matter? Review of International Political Economy, 2020, <https://doi.org/10.1080/09692290.2019.1616600>.

## TOPIC #8

### MODERN MONETARY THEORY: IMPLICATIONS FOR POLICY IN THE GLOBAL SOUTH AND EAST

*What is modern monetary theory? Is it really something “modern” (in the sense of being new)? Is it really a theory? Is it relevant to countries of the global south and east? Are its policy implications viable for all countries (or just for some countries, e.g., countries whose currencies are official reserve assets)? What are its chief policy implications, particularly for small and low-income nations? Why did so many get on board with modern monetary theory, especially around 2018/9? Are the arguments of critics well founded?*

#### Required:

Real-World Economics Review Symposium, “Modern Monetary Theory and Its Critics,” *Real-World Economics Review*, No. 89, December 1, 2019. Read the following contributions: “Introduction: Whither MMT?” by the Editors; “Alternative Paths to Modern Monetary Theory” by L. Randall Wray; “Monetary Sovereignty is a Spectrum: Modern Monetary Theory and Developing Countries” by Bruno Bonizzi, Annina Kaltenbrunner, and Jo Mitchell; “Are Modern Monetary Theory’s Lies ‘Plausible Lies’” by David Colander. Epstein, Gerald, “The Institutional, Policy, and Empirical Limits of ‘Modern Monetary Theory,’” Political Economy Research Institute Working Paper No. 481, March 2019. Project Syndicate symposium, “Modern Monetary Disagreement,” Project Syndicate, March 4, 2019. Matías Venengo and Esteban Pérez Caldentey (2020): Modern Money Theory (MMT) in the Tropics: Functional Finance in Developing Countries , Challenge, DOI: 10.1080/05775132.2020.1747729.

#### Optional:

Roberts, Michael, “Modern Monetary Theory: A Marxist Critique,” *Class, Race, and Power*, 2019, 7(1), <https://digitalcommons.fiu.edu/classracecorporatpower> (in Canvas) Shiller, Robert, “Modern Monetary Theory Makes Sense Up to a Point,” *New York Times*, March 29, 2019.