

PS289 Introduction to Money, Finance and Financial Markets for the Social Sciences

Seminar Leader: Kai Koddenbrock

Course Times: Wednesdays 14:00 – 17:15

Office Hours: Wednesdays 12:30-13:30

Email address: k.koddenbrock@berlin.bard.edu

Course Description

The creation and making of money are at the heart of capitalist societies. People work to make a living and are paid in money. Corporations invest to make a profit, in money. Capital is accumulated and stored in investible assets from housing to corporate shares to bonds, expressed in a money price. These assets, in turn, are traded on financial markets, are packaged as part of funds, rated by rating agencies, and become part of investment portfolios sold by investment banks and increasingly held by large asset managers.

The relationship between, labor, money, finance, and profits, however, is continuously in danger of crisis as all of these social relations depend on each other and have long surpassed the boundaries of what the planet can bear. With the last large financial crisis in 2007-8, the Covid shock, and the looming next debt crisis in the Global South, financial markets are again at the center of current controversies about the future of global capitalism. Despite their importance, however, there is a lack of basic knowledge in the social sciences about the key actors, institutions, and instruments that constitute these markets. Moreover, it is mostly unclear how the social sciences beyond economics can contribute to the analysis (and critique) of financial markets.

This seminar therefore has several learning objectives: On the one hand, it introduces the basics of financial markets and provides basic knowledge from A as in asset manager to Z as in zero-interest rates. In addition, it shows the importance of financial markets and financial institutions in capitalist democracies, their power and role in exacerbating inequalities. At the same time, the seminar teaches how financial markets are also constructed politically and are the result of ideas, interests and institutions. Participants will thus gain a better understanding of fundamental political economy dynamics, especially in relation to the interplay of transnational and national processes.

Requirements

Reading material (you must have your own copy of the edition with this ISBN!)

1. McNally, David 2020 *Blood and Money: War, Slavery, Finance and Empire*. Haymarket Books
ISBN: 978-1642591330
2. Course Reader

Recommended Reading

1. Marx, Karl (1867) *Capital, Vol. 1*, open access at Marxists.org
2. Ingham, Geoffrey (2004) *The nature of money*, Polity
3. Desan, Christine (2014) *Making Money: Coin, Currency, and the Coming of Capitalism*, Oxford University Press
4. Eich, Stefan (2022) *The Currency of Politics: The Political Theory of Money from Aristotle to Keynes*, Princeton University Press

Class Preparation

In preparation for class, read the texts thoughtfully and engage with their core argument. Take notes while reading and try to identify questions in advance: Why do the authors argue as they do? How do they raise and substantiate their claims? How does their line of argumentation relate to earlier readings and discussions in class?

Attendance

Because Bard College Berlin has an intensive, student-centered and seminar-based educational model, attendance at all sessions of courses is mandatory. Students may be excused if circumstances outside of their control prevent their attendance. Two absences will not affect the participation grade or require documentation. Every unexcused additional absence from a 90-min session lowers the participation grade by one step (i.e., from B+ to B). Bard College Berlin does not offer credit for any course in which a student has missed more than 30% of classes, regardless of the reasons for the absences, whether excused or unexcused. Students facing the unusual situation of long-term, serious medical or personal emergencies (generally lasting more than two weeks) can request a Leave of Absence, to be approved by the Dean, Associate Dean, Head of Student Life, or Director of Academic Services. The 30% rule applies even in these cases.

Assignments, Grade Breakdown and Essay Deadlines

Oral

- **Classroom Participation (2*15%)** **30%** (of overall grade)

This seminar involves thoughtful and active participation in class discussions, reflections on current themes, and working groups. The classroom is a protected space and you should feel

free to voice your arguments and comments. Please do not hesitate to address the seminar leader if you feel that this is not the case.

● **Classroom presentation** **20%** (of overall grade)

In your presentation on one of the contemporary institutions or issue areas of money and finance, please provide in a ppt-presentation of no more than 20 minutes a basic overview as well as an annotated bibliography of at least 8 opportunities for further reading from the academic literature (monographs and academic journal articles). This means you should give us the basics as well as enable us to follow up with further in-depth research.

Written

● **2 Reflection Essays (each ~3000 words; 2*35%)** **50%**

Each student is required to write 2 reflection essays (1.5-spaced, 12 pt., Times New Roman) on a historical and a contemporary issue of money or finance. I expect an analysis that embeds the reading in earlier class discussions, and the articulation of one central synthetic question that engages the issues and debates addressed in the reading as a starting point for broader discussion. The first essay is due on the last day of the mid-term break, the second on 12 May 2024.

Schedule

Week and Date	Session
<u>1</u>	<p>***Introduction*** The overall perspective on money as systemic and credit-debt relation.</p>
31 January 24	<p>Koddenbrock, Kai (2019) Money and moneyness: Thoughts on the nature and distributional power of the 'backbone' of capitalist political economy, <i>Journal of Cultural Economy</i>, 12(2), 101-118.</p>
The history and structure of capitalist money and finance	

<p><u>2</u> 7 February 24</p>	<p>The origins of capitalist money through British monetary history In the late 17th century, when the slave trade began to intensify and Britain began its rise to global ascendancy, the so-called ‘financial revolution’ established a deal between the crown, investors, the Bank of England, and the parliament-sanctioned ability to tax the people that allowed Britain to create much more money than the countries it competed with. The relationships and financial instruments at the heart of this deal are still with us today.</p> <hr/> <p>McNally, David (2020) <i>Blood in the Water: Colonialism, Slavery and the Birth of Modern Money, Blood and Money: War, slavery, finance, and empire</i>, Haymarket Books, 121-177</p>
<p><u>3</u> 14 February 24</p>	<p>The colonization of the United States and its monetary history The colonization of the United States from the 18th to the 20th century required a lot of capital and took place through violence and displacement. The rise of US dominance and the global use of the US Dollar has its origins in this violent history.</p> <hr/> <p>McNally, David (2020) <i>Imperial War, Imperial Money: The Dollar’s rise to Global Dominance, Blood and Money: War, slavery, finance, and empire</i>. Haymarket Books, 177-241</p>
<p><u>4</u> 21 February 24</p>	<p>The international monetary system today As in history, today’s global monetary relations boast a wide array of currencies, public and private money forms, and ways to create them and get them accepted. The US-Dollar is still dominant, but what this entails for the US and where and how it is created is mostly understood by specialists. Today’s session serves to elucidate these issues and to cut through this complexity.</p> <hr/> <p>Murau, Steffen, and van’t Klooster, Jens (2023) Rethinking monetary sovereignty: the global credit money system and the state. <i>Perspectives on Politics</i>, 21(4), 1319-1336</p> <hr/> <p>Schwartz, Herman (2016) <i>Strange Power over Credit; or the Enduring Strength of US Structural Power</i>, in: Germain, Randall (2016) <i>Susan Strange and the Future of Global Political Economy: Power, Control and Transformation</i>, Routledge, 69-92</p>

<p style="text-align: center;"><u>5</u></p> <p style="text-align: center;">28 February 24</p>	<p>Colonial money and financial subordination today</p> <p>Currencies are not only essential to organize national development and international trade, they were also deployed by colonial powers to support their intra-colonial exchanges and to bring the colonial population in line. After the Second World War, the French founded the Franc des Colonies Francaises D’Afrique for its Western and Central African colonial Empire. Still used by 14 African countries today it has long served as an essential tool to maintain strong French influence and profits in the region. Seen in a global perspective, the need by most societies to use the US Dollar and to let finance flow freely has come with problems of subordination and dependency that are hard to overcome.</p> <hr/> <p>Pigeaud, Fanny, and Sylla, Ndongo. S. (2021) <i>The CFA system, Africa’s Last Colonial Currency</i>, Pluto Press, 19-39</p> <hr/> <p>Alami, Ilias, and Carolina Alves, Bruno Bonizzi, Annina Kaltenbrunner, Kai Koddenbrock, Ingrid Kvangraven, Jeff Powell (2023) International financial subordination: a critical research agenda, <i>Review of International Political Economy</i>, 30(4), 1360-1386</p>
<p>The actors and instruments of finance as claims on future value</p> <p>Finance and financial markets host a bewildering plethora of financial instruments, actors and institutions. In this part of the seminar, we will get to know some of the important ones from banks to central banks and asset managers as well as the IMF.</p>	
<p style="text-align: center;"><u>6</u></p> <p style="text-align: center;">6 March 24</p>	<p>Overview</p> <p>Braun, Benjamin, & Koddenbrock, Kai (2022) <i>Capital Claims: Power and Global Finance</i>, Routledge, 1-34</p> <hr/> <p>Banks</p> <p>Massoc, Elsa C. (2022) Banks’ Structural Power and States’ Choices on What Structurally Matters: The Geo-Economic Foundations of State Priority toward Banking in France, Germany, and Spain, <i>Politics & Society</i>, 50(4), 599-629.</p>
<p style="text-align: center;"><u>7</u></p>	<p>Central Banks</p>

<p>13 March 24</p>	<p>The European Central Bank: Braun, Benjamin (2020), Central banking and the infrastructural power of finance: The case of ECB support for repo and securitization markets, <i>Socio-Economic Review</i>, 18(2), 395-418.</p>
	<p>The US Federal Reserve and the Indian Central Bank: Musthaq, Fathimath (2023) Unconventional central banking and the politics of liquidity, <i>Review of International Political Economy</i>, 30(1), 281-306</p>
<p>8 20 March 24</p>	<p>Contemporary asset managers and the international role of the International Monetary Funds</p>
	<p>Asset managers Christophers, Brett (2023) Asset-Manager Society: The basics, <i>Our Lives in Their Portfolios: Why Asset Managers Own the World</i>, Verso Books, Chapter 1</p>
	<p>The International Monetary Fund Kentikelenis, Alexandros, and Stubbs, Thomas (2023) <i>A Thousand Cuts: Social Protection in the Age of Austerity</i>, Oxford University Press, Intro and Chapter 1</p>
<p>Midterm break First essay due on Sunday of the midterm break</p>	
<p>Contemporary challenges in the politics of money and finance Money and finance are inherently crisis-prone under capitalism because they depend on human labor and ecological inputs and speculate on future profits. In this section, we will focus on some of the central contemporary challenges from organizing the departure from oil and the green transition to the question of housing as an asset class that drives people out of the cities to the continued accumulation of land titles through finance as well as the inclusion of the previously unbanked to make a profit in all possible realms of human life. We close with a discussion on some of the reform proposals around the IMF and the international monetary system.</p>	

<p><u>9</u></p> <p>3 April 24</p>	<p>Oil, money and financing the green transition</p>
	<p>Thompson, Helen (2017) <i>Oil and Western Economic Crisis</i>, Palgrave Macmillan, Chapter 3.</p>
	<p>Gabor, Daniela and Sylla, Ndongo S. (2023), Derisking Developmentalism: A Tale of Green Hydrogen, <i>Developmental Change</i>, 54(5), 1169-1196</p>
<p><u>10</u></p> <p>10 April 24</p>	<p>Sanctions, weaponization and the BRICS</p>
	<p>Farrell, Henry, and Newman, Abraham (2019) Weaponized Interdependence: How Global Economic Networks Shape State Coercion, <i>International Security</i>, 44(1), 42–79.</p> <p>Duggan, Niall and Ladines Azalia, J. C. and Rewizorski, Marek (2022) The structural power of the BRICS (Brazil, Russia, India, China and South Africa) in multilateral development finance: A case study of the New Development Bank. <i>International Political Science Review</i>, 43(4), 495-511</p>
<p><u>11</u></p> <p>17 April 24</p>	<p>Money, finance and housing</p>
	<p>Gabor, Daniela and Kohl, Sebastian (2022) The Financialization of Housing in Europe: My Home is an Asset Class, The Greens/EFA in the European Parliament</p> <p>Talk: Housing activist</p>
<p><u>12</u></p>	<p>Financial deepening and inclusion</p>

<p>24 April 24</p>	<p>Roberts, Adrienne (2015) Gender, Financial Deepening and the Production of Embodied Finance: Towards a Critical Feminist Analysis, <i>Global Society</i>, 29(1), 107-127</p>
	<p>Akolgo, Isaac A. (2023) On the contradictions of Africa’s fintech boom: evidence from Ghana, <i>Review of International Political Economy</i>, 30(5), 1639-1659</p>
<p>14 8 May 24</p>	<p>Reforming the international monetary system?</p> <p>Ali, Mona (2023) Reforming the IMF, <i>Phenomenal World</i>, https://www.phenomenalworld.org/analysis/reforming-the-imf/</p> <p>Aguila, Nicolás and Haufe, Paula and Wullweber, Joscha (2022) The Ecor As Global Money: Towards a Green Bretton Woods System to Finance Sustainable and Just Transformation, <i>SSRN Electronic Journal</i>, 1-19</p>
<p>Final essay due: May 12 2024</p>	