

**MOSCOW STATE INSTITUTE OF INTERNATIONAL RELATIONS
(MGIMO UNIVERSITY)
MINISTRY OF FOREIGN AFFAIRS OF RUSSIA**

**B.A. in Government and International Affairs
School of Government and International Affairs**

«Approved»

Director of School of Government and International Affairs

_____ **M. Troitskiy**

«__»_____ 2017

**The Politics of International Monetary Integration
Course Syllabus**

(41.03.05: School of Government and International Relations)

**Qualification – Bachelor of Government and International Relations
Form of study - full-time**

Syllabus developed by Dr. Anna Tsibulina, 2017

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The course “United States Foreign Policy” is elaborated in accordance with the MGIMO Educational Standard for the Bachelor’s Program in International Affairs (program track “Government and International Affairs”).

Author _____ Prof. Anna Tsibulina

Director of the MGIMO library _____ Marina Reshetnikova

The program is approved by Department of Integration Processes on

Head of Department _____ Prof. Nikolay Kaveshnikov

PART 1: INSTRUCTOR INFORMATION, COURSE DESCRIPTION AND TEACHING METHODS

1.1 General information

Template

- Full course title: [The Politics of International Monetary Integration]
- Type of course: [elective]
- Level of course [B.A.]
- Year of study: [2nd]
- Number of ECTS credits allocated: 2
- Name of lecturer(s) and office hours:

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1.2 Course aims and learning outcomes

The course aims at providing the students with a comprehensive understanding of factors and driving forces underlying the monetary integration initiatives in a number of regions. Both economic and political aspects of international monetary integration will be examined as well as applied theories to assess the potential outcomes of that process. A particular emphasis will be given on a cost-benefit approach to analysing potential outcomes of monetary integration for citizens and political elites.

Learning outcomes:

The students will obtain a basic set of tools (theoretical, empirical, economic and political cost-benefit approaches) for analyzing processes of monetary integration under various circumstances. The course will also give an understanding of main stages for the establishment of the monetary union in the EU and current state of affairs related to governance issues and anti crisis.

1.3 Course requirements and grading plan

Course requirements

Students will be required to attend not less than 90% of classes and be prepared for class discussions. Conscientious reading of the assigned materials is compulsory. The final grade will be based on home assignments the final test, as well as attendance and class participation.

Grading plan

- Class participation - 20%
Students are expected to attend all the lectures and seminars and participate in class discussions; since the course is highly interactive, it is essential that students attend the seminars having read the materials for that day's class.
- Home assignments – 50% each
- Written final test – 30% (in class, 120 minutes).

PART 2. COURSE CONTENT

2.1 Types of work

Types of work	Academic hours
Total	
Total for lectures, seminars and written exam	43.8
Lectures	8
Seminars	8
Written tests and/or exam	4.8
Homework	
Written and oral home assignments	16
Preparation for lectures, seminars and oral test	16

2.2. Course content and readings by topic

Topic 1.

Monetary Integration

Historical: 1960-1990s

Institutional: The International Monetary System

Theoretical: Theory of Optimum Currency Areas

Empirical: Creation of the Euro Area

Weekly Discussion Questions

1. What were the driving forces for a shift towards flexible exchange rate regimes?
2. Argue why it might be preferable to adopt a fixed exchange rate regime.
3. In your opinion, which one of the theory of optimum currency areas criteria is the most/least important one? Please, explain.

Lecture 1.1 Monetary Integration: main concepts

Summary: exchange rate regimes and theories of optimum currency areas

- Compulsory readings:
 - The Economics of European Integration, R. Baldwin and Ch. Wyplosz, 5th ed. Chapter 13, pp. 310-316. Chapter 14, pp. 324-325.
 - The Theory of Optimum Currency Areas: A Literature Review. T. Broz, 2005.

Lecture 1.2 Monetary Union

Summary: costs and benefits of a common currency

- Compulsory readings:
 - Economics of Monetary Integration, P. De Grauwe, 8th ed. Chapter 5, pp. 5-22. Chapter 3, pp. 57-74.

Topic 2.

Economic and Monetary Union

Historical: 1950-2012

Institutional: European Economic Community

Theoretical: Internal v. External Models of Foreign Policy

Empirical: The Werner Plan and Delors Report

Weekly Discussion Questions

1. Why were monetary integration issues important for the European states after the World War II?
2. Was the creation of the Economic and Monetary Union to the greater extent the result of a real economic or a political necessity?
3. What is the link between monetary and political union?

Lecture 2.1 **History of the Economic and Monetary Union.**

Summary: 1950-2002, from the European Payments Union to the single currency

- Compulsory readings:
 - The Origins and Development of the European Union 1945-2008. M.J. Dedman. Chapter 7 pp.109-135, Chapter 8 pp. 136-165.

Lecture 2.2. **The Euro Area Crisis.**

Summary: 2010-to the present day, Euro area crisis and anti crisis measures

- Compulsory readings:
 - Otmar Issing, “On the Relation of Monetary and Political Union”, in *Intereconomics* 1, 2016
 - Paul De Grauwe, “On Monetary and Political Union”

Topic 3.

Monetary Integration in Asia

Historical: 1967-to the present day

Institutional: ASEAN

Theoretical: Theory of Optimum Currency Areas

Empirical: integration in ASEAN

Weekly Discussion Questions

1. What are the main characteristics of integration processes in the South-East Asia?
2. Which constraints to monetary integration in ASEAN tend to dominate: political or economic ones?
3. What are the prospects for monetary integration in Asia?

Lecture 3.1 **Monetary Integration in ASEAN.**

Summary: 1967-to the present day, steps towards creation of a single currency and political will of the ASEAN Member States.

- Compulsory readings:
 - Fabio Massini, “Asian Monetary Integration in Recent Economic Debates” in *Perspectives on Federalism*, Vol.1, single issue, 2009.
 - Anchalee Pooittiwong and Byron Ramirez, “The Feasibility of Monetary and Financial Integration in ASEAN: Policy Considerations for Enhancing Integration Feasibility” (2016). Available at SSRN: <https://ssrn.com/abstract=2850710>

Topic 4.

Monetary Integration in Africa

Historical: 1994-to the present time

Institutional: UEMOA institutions

Theoretical: Theory of Optimum Currency Areas, constructivism.

Empirical: ECOWAS

Weekly Discussion Questions

1. Are there any similarities between the design of the ECOWAS monetary zone and the eurozone?
2. Is there a link between political situation in ECOWAS Member States and future of the monetary integration in the region?

Lecture 4.1 **Monetary Integration in Africa.**

Summary: 1964-1968, Lyndon B. Johnson and Vietnam

- Compulsory readings:
 - Kocra L. Assoua “The Nexus between Political Instability and Monetary Sustainability. The Case of a West African Monetary Union” in *WAI-ZEI Paper* No.5 (2013)
 - Osaore Aireyan “Political and Institutional Prerequisites of Monetary Union: Assessing Progress in the Economic Community of West African States (ECOWAS)” in *Politics and Policy*, Volume 44, No. 6 (2016).

Topic 6.

Monetary Integration in the Latin America: state of affairs

Historical: 2009-to the present day

Institutional: integration blocs

Theoretical: Psychological Theories

Empirical: MERCOSUR, APBA, UNASUR

Weekly Discussion Questions

1. Do the Latin American countries and integration blocs in this region need a common currency/currencies?
2. What is SUCRE?
3. What are obstacle to closer monetary cooperation in the Latin America?

Lecture 6.1 **Latin America: monetary cooperation or integration.**

Summary: 2008-to the present day

- Compulsory readings:
 - Jose Antoni Ocampo and Daniel Titelman, “Regional Monetary Cooperation in Latin America in ADBI Working Paper Series No. 373 (2012).
 - Pablo Trucco, “The Rise of Monetary Agreements in South America’ in United Nations University Series on Regionalism (2011).

Topic 7.

Monetary Integration in the Eurasian Economic Union

Historical: 2015-to the present day

Institutional: Eurasian Economic Commission

Theoretical: Theory of Optimum Currency Areas

Empirical: Eurasian Economic Union

Weekly Discussion Questions

1. How ready are the EEU Member States for introduction of a common currency?
2. What is to be done to speed up the process of monetary integration in the EEU?
3. What are positions of the EEU Member States’ Leaders on a common currency?

Lecture 6.1 **Eurasian Economic Union: the future of the common currency.**

Summary: 2015 – to the present day

- Compulsory readings:
 - Marina Markusenka, “ Coordination of Monetary Policies in the Context of Regional Integration of the Eurasian Economic Union” (2017)

2.3. Oral Test Questions

1. 1/1. What were the driving forces for a shift towards flexible exchange rate regimes?
2. Argue why it might be preferable to adopt a fixed exchange rate regime.

3. In your opinion, which one of the theory of optimum currency areas criteria is the most/least important one? Please, explain.
4. Why were monetary integration issues important for the European states after the World War II?
5. Was the creation of the Economic and Monetary Union to the greater extent the result of a real economic or a political necessity?
6. What is the link between monetary and political union?
7. What are the main characteristics of integration processes in the South-East Asia?
8. Which constraints to monetary integration in ASEAN tend to dominate: political or economic ones?
9. What are the prospects for monetary integration in Asia?
10. Are there any similarities between the design of the ECOWAS monetary zone and the eurozone?
11. Is there a link between political situation in ECOWAS Member States and future of the monetary integration in the region?
12. Do the Latin American countries and integration blocs in this region need a common currency/currencies?
13. What is SUCRE?
14. What are obstacle to closer monetary cooperation in the Latin America?
15. How ready are the EEU Member States for introduction of a common currency?
16. What is to be done to speed up the process of monetary integration in the EEU?
17. What are positions of the EEU Member States' Leaders on a common currency?

2.4. Oral exam timing

- Fall semester test – last week of December.

2.5. Consolidated reading list (in alphabetic order)

1. Aireyan O. (2016) "Political and Institutional Prerequisites of Monetary Union: Assessing Progress in the Economic Community of West African States (ECOWAS)" in *Politics and Policy, Volume 44, No. 6*.
2. Assoua Kocra L. (2013) "The Nexus between Political Instability and Monetary Sustainability. The Case of a West African Monetary Union" in WAI-ZEI Paper No.5.
3. Baldwin R. and Wyplosz, Ch. (2015) "The Economics of European Integration", 5th ed. Chapter 13, pp. 310-316. Chapter 14, pp. 324-325.
4. Broz, T., "The Theory of Optimum Currency Areas: A Literature Review". 2005.
5. De Grauwe P. "On Monetary and Political Union" in *CESifo Forum, Vol. 7*.
6. De Grauwe P. (2009) "Economics of Monetary Integration", 8th ed. Chapter 5, pp. 5-22. Chapter 3, pp. 57-74.
7. Dedman M.J. (2010) "The Origins and Development of the European Union 1945-2008". Chapter 7 pp.109-135, Chapter 8 pp. 136-165.
8. Issing O. (2016) "On the Relation of Monetary and Political Union", in *Intereconomics 1*.
9. Massini F. (2009) "Asian Monetary Integration in Recent Economic Debates" in *Perspectives on Federalism, Vol.1, single issue*.
10. Ocampo J. A. and Titelman D. (2012) "Regional Monetary Cooperation in Latin America in *ADB Working Paper Series No. 373*.
11. Pooittiwong A. and Ramirez B. (2016) "The Feasibility of Monetary and Financial Integration in ASEAN: Policy Considerations for Enhancing Integration Feasibility" in *SSRN*.
12. Trucco P. (2011) "The Rise of Monetary Agreements in South America" in *United Nations University Series on Regionalism*.
13. Markusenka, M. (2017) "Coordination of Monetary Policies in the Context of Regional Integration of the Eurasian Economic Union" in *Regional Formations and Development Studies Vol. 22, No.2*.

PART 3. FINAL REMARKS

- Plagiarism is considered a severe violation and an indication of incompetence in the course. Plagiarism is understood as making of one's text using compilation method for other people's publications, even connected with own phrases and sentences. Collective performance of individual tasks is unacceptable. Proven plagiarism will receive an F-mark regardless of the fulfillment of all other requirements.
- Assignments are to be handed in on the due date. Late submissions will not be accepted.
- Students are asked to keep a copy of all work submitted for evaluation.