The IPE of International Finance and Financial Crises

I. International Financial Governance

II. Anatomy of a Financial Crisis
   A. The Prisoners’ Dilemma

III. Recent Financial Crises
   A. Mexican Peso Crisis (1994-5)
   B. Asian Financial Crisis (1997-98)
   C. Argentinean Crisis (2001-02)

IV. A New Monetary Order?
I. International Financial Governance

- The Internationalization of Finance
- Market-based International Financial Structure
- The Role of the International Monetary Fund (IMF)
  - 184 member states
  - Executive Board
  - $312 billion (2005)

The heart of the global economy? IMF headquarters in Washington, DC
II. Anatomy of a Financial Crisis

- Speculation and Expansion
- Boom and Bubble
- Collapse and Crisis
  - The Prisoners’ Dilemma
- Contagion?
The Prisoners’ Dilemma

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<th>B</th>
<th>Keep Quiet</th>
<th>Squeal</th>
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*(Prisoner A’s Sentence [Years], Prisoner B’s Sentence [Years]*)
II. Recent Financial Crises

- Mexican Peso Crisis (1994-5)
- Asian Financial Crisis (1997-98)
- Argentinean Crisis (2001-02)

The most dangerous Asian flu???
Asian Tiger Economies (Real GDP Growth)

Source: World Bank