UAP 5784
Money and Metropolis
Dimensions of Financial and Fiscal Resilience
David Bieri Fall 2017

Lectures: M 12:30pm–3:15pm
Location: 107 AA
Office: 213 AA
Email: bieri@vt.edu
Office hours: By e-mail appointment

Course description
In the wake of the recent financial crisis, the notion of “resilience” has become firmly established in a wide range of academic and political discourses as well as in contemporary practice. “Resilience thinking” has emerged as a palatable vignette that is readily accessible to a broad variety of urban scholars, promising to open up a truly pluralistic discourse among otherwise deeply fragmented social science disciplines and sub-disciplines. In this research seminar, we explore the concept of “financial resilience” within the larger context of the theme of “money and the metropolis”. Ranging from monetary disequilibrium and financial instability to (vertical) fiscal imbalances, this seminar traces the outlines of a theory of resilience that is relevant for a financially sophisticated capitalist economy, exploring why the concurrent processes of urbanisation and financialisation render such an economy at once resilient and unstable. By engaging with both theoretical arguments and empirical evidence, students will develop an understanding of how the notion of financial resilience can advance in important ways our understanding of the processes of globalised urbanisation in an era of financialised capitalism. The position outlined in this course envisions establishing “financial and fiscal resilience” as an analytical concept that captures the systemic behaviour of capitalist development in terms of the historical and institutional co-evolution of the process of urbanisation and the monetary-financial system as a whole. Students will learn how to operationalise empirical work that explores difference instances of financial resilience as part of major project work for this seminar.

Prerequisites
Students should ideally be comfortable with basic, undergraduate-level treatment of micro- and macroeconomics. Experience with urban and regional analysis is useful, but not indispensable.

Course Readings
Assigned readings will be posted on VT Canvas, see reading list below.

Course Policies
Assignments and Grading
This course will not be graded on a curve. This means that the number of top grades is not limited and—by symmetry—the same is also true for low grades. Students are expected to complete all the required readings before the scheduled class time, actively participate in class discussions and presentations, and prepare several written assignments over the semester. Evaluation of your work will be based on substantive content, analytical rigor, and writing quality. Be sure to follow appropriate citation guidelines in all your work. Late assignments will result in point reductions.

The course-specific grading scheme is as follows:
• **Class participation**: Presentation of reading and course materials. Students will take a lead role in presenting course materials and readings to the class and lead the ensuing discussion—25%.

• **Applied exercises**: Students will be given several empirical applications and discussion questions—50%.

• **Final paper**: Students will prepare and present a final paper that draws on and extends the applied exercises—25%.

**Late or missed assignments**

All work must be submitted by the due date. Late work will be accepted with a penalty of 50% per lecture past the due date. Exceptions to these rules are not granted without a note from the Dean of Students Office detailing why an excuse should be warranted.

**Policy on plagiarism and academic honesty**

The Virginia Tech’s Graduate Honor Code is in effect for this course. Please take the time to read this document and make sure that you understand your responsibilities as a student. I assume that everything you turn in during the semester conforms to the Honor Code and to the usual academic standards governing appropriate student conduct. It is your responsibility to find out what constitutes plagiarism and cheating; a plea of ignorance is not acceptable as a defense. Be advised that plagiarism or other forms of violations of the VT Honor Code will not be tolerated. I will not hesitate to forward cases of academic dishonesty to the Dean.

**Canvas**

The Canvas site for UAP 5784 is an important component of this course. You are responsible for any announcement or assignment posted on Canvas, regardless of whether the announcement or assignment was discussed in class. I recommend checking Canvas on a regular basis.

**Important dates during the semester**

Please take note of the following dates over the course of the semester:¹

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>M 4 Sep 17</td>
<td>Labor Day (No classes; university offices closed).</td>
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<tr>
<td>M 2 Oct 17</td>
<td>Assignment 1 due.</td>
</tr>
<tr>
<td>F 13 Oct 17</td>
<td>Fall Break Begins (No classes; university offices open).</td>
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<tr>
<td>M 16 Oct 17</td>
<td>Nobel Prize in Economics announced.</td>
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<tr>
<td>M 23 Oct 17</td>
<td>Assignment 2 due.</td>
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<tr>
<td>M 13 Nov 17</td>
<td>Assignment 3 due.</td>
</tr>
<tr>
<td>S 18 Nov 17</td>
<td>Thanksgiving recess begins.</td>
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<tr>
<td>M 27 Nov 17</td>
<td>Classes resume.</td>
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<tr>
<td>M 4 Dec 17</td>
<td>Final presentations.</td>
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<tr>
<td>W 13 Dec 17</td>
<td>Classes end.</td>
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<tr>
<td>T 19 Dec 17</td>
<td>Final reports due (4pm).</td>
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**Tentative Course Calendar**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Seminars</th>
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<tbody>
<tr>
<td>I. <strong>INTRODUCTION AND CONCEPTS</strong></td>
<td>week 1–3</td>
</tr>
<tr>
<td>(i) Syllabus review</td>
<td></td>
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<tr>
<td>(ii) Resilient capitalism: Accounting perspectives</td>
<td></td>
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<tr>
<td>(iii) Macro-accounting and economy theory</td>
<td></td>
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<tr>
<td>II. <strong>DIMENSIONS OF ECONOMIC RESILIENCE</strong></td>
<td>week 4–5</td>
</tr>
<tr>
<td>(i) Conceptualising resilience</td>
<td></td>
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<tr>
<td>(ii) Regional resilience</td>
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¹Dates are subject to change.
III. Financial instability and fragility  
   (i) The financial instability hypothesis  
   (ii) Quantifying financial fragility and stress

IV. Fiscal sustainability  
   (i) Fiscal sustainability  
   (ii) Fiscal stress

V. Urban fiscal health  
   (i) Anatomy of the urban crisis  
   (ii) Urban fiscal stress  
   (iii) Fiscal federalism

VI. Final research presentations  
   week 6–7  
   week 8–9  
   week 10–14  
   week 15
Reading List

Optional readings are marked by an asterisk (*) and intended for those interested in pursuing particular topics in more depth. The rest of the reading is compulsory, and I encourage you to do as much of the reading as possible. Please familiarise yourself with the material before the lectures, which should enable us to engage in interesting and informed class discussions.

I. Overview and concepts

Seminar 1: 28 August 2017 (M)
Introduction, syllabus review and key concepts.

Seminar 2: 4 September 2017 (M)
Resilient capitalism: Accounting perspectives (Labor Day, no class).


Seminar 3: 11 September 2017 (M)
Macro-accounting and economy theory.


II. Dimensions of economic resilience

Seminar 4: 18 September 2017 (M)

Conceptualising resilience.


Seminar 5: 25 September 2017 (M)

Regional resilience (no class).


III. Financial instability and fragility

Seminar 6: 2 October 2017 (M)

The financial instability hypothesis: Student presentations: Assignment 1.


Seminar 7: 9 October 2017 (M)

Quantifying financial fragility and stress.


IV. Fiscal sustainability

Seminar 8: 16 October 2017 (M)

Fiscal sustainability.


Seminar 9: 23 October 2017 (M)

Fiscal stress: Student presentations: Assignment 2.


V. Urban fiscal health

Seminar 10: 30 October 2017 (M)

Anatomy of the urban crisis.


Seminar 11: 6 November 2017 (M)

Urban fiscal stress—I.


Seminar 12: 13 November 2017 (M)

Urban fiscal stress—II.


Seminar 13: 27 November 2017 (M)

Fiscal federalism—I.


Seminar 14: 4 December 2017 (M)

Fiscal federalism—II.


VI. Final research presentations

Seminar 15: 11 December 2017 (M)

Final presentations.

<table>
<thead>
<tr>
<th>Paradigm</th>
<th>Origin of fluctuations</th>
<th>Real-money sector link</th>
<th>Nature of crises</th>
<th>Spatial effects</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classics</td>
<td>Real sector</td>
<td>Neutral</td>
<td>Resources</td>
<td>Not modelled</td>
<td></td>
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<tr>
<td>Marxism</td>
<td>Real sector</td>
<td>Neutral</td>
<td>Over-accumulation</td>
<td>Urbanization</td>
<td></td>
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<tr>
<td>(Post) Keynesianism</td>
<td>Both sectors</td>
<td>Non-neutral</td>
<td>Investment bubble</td>
<td>Effective demand, financial instability</td>
<td>Not modelled</td>
</tr>
<tr>
<td>Neoclassical (RBC)</td>
<td>Real sector</td>
<td>(Super)neutral</td>
<td>Exogenous shocks (technology)</td>
<td>Not considered</td>
<td></td>
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<tr>
<td>Monetarism</td>
<td>Monetary sector</td>
<td>Non-neutral</td>
<td>Inflation</td>
<td>Not modelled</td>
<td></td>
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<tr>
<td>Urban economics (NUUE-NEG)</td>
<td>Real sector</td>
<td>Neutral</td>
<td>Cumulative causation</td>
<td>Agglomeration</td>
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Notes: * Real business cycle theory in the tradition of new classical macroeconomics. † Superneutrality of money is a stronger version of monetary neutrality in that real variables are not only unaffected by the level of the money supply, but also by the rate of money supply growth. ‡ “New neoclassical urban economics” (NUUE) and new economic geography (NEG)/geographical economics.
Figure 1: 200 years of financial resilience in the U.S.

Notes: The top panel shows how two centuries in the evolution of the U.S. monetary-financial system are shaped by the dialectical tension between the inherent instability and resilience of monetary phenomena. The bottom panel illustrates the cumulative process of urbanisation and economic development advance irreversibly at the same time. Source: BIERI, D. S. (2015b): “Financial Resilience and the Urbanisation of Capital,” CITY: Analysis of Urban Trends, Culture, Theory, Policy, Action, forthcoming.
Figure 2: Money flows across the space-economy

Figure 3: The institutional arrangements of U.S. financial regulation

Notes: * Independent federal agency with self-funding. Funding source is not only independent of Congress, but authority to use funds is not conditioned on congressional budgetary approval. † Independent federal agency without self-funding. Accountability via budgetary appropriations process. ‡ “For-cause” removal protection of director, commonly used to distinguish between independent and executive branch agencies. § Degree of political accountability is determined using a number of criteria, including the degree of self-funding, for-cause protection of the director, multi-member boards and the requirement for partisan balance on the board. Source: BIERI, D. S. (2015a): Building Responsive and Responsible Regulators in the Aftermath of the Financial Crisis chap. Financial Stability Rearticulated: Institutional Reform, Post-Crisis Governance, and the New Regulatory Landscape in the United States, pp. 215–232. Intersentia Publishers, Cambridge, UK.