

SYLLABUS

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Course Description

This course serves as an introduction to the politics of international economic relations and comparative economic development. In addition to examining the history of international political economy and the theories that seek to explain it, we analyze several contemporary issues such as financial and monetary crises, economic reform, poverty and inequality. Students need not have a background in international economics to take this course. All economic principles and terms (e.g., balance of payments crises, exchange rates, informal labor markets, etc.) will be explained in the course of instruction.

What is Expected of Students

Students will be expected to read, think, criticize, and form arguments. That means that students must keep up in their reading assignments and attend class regularly. Students must be fully prepared *at all times* to discuss the readings and concepts from previous lectures. The best students will be critical but balanced in their assessments, and will develop coherent arguments that they can defend in their writing and their in-class discussion.

Reading Materials

This course requires your purchase of two books which are presently on sale at the college bookstore:

Jeffrey A. Frieden, David A. Lake, J. Lawrence Broz, eds. 2010. *International Political Economy: Perspectives on Global Power and Wealth* 5th Edition. Belmont CA: Wadsworth/Thomson.

Abhijit V. Banerjee and Esther Duflo. 2011. *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. New York: Public Affairs.

In addition to these texts, this course requires your study of a number of other readings and multimedia from diverse sources. These readings are all available on the course Moodle page. Additionally, I will occasionally distribute clippings from *The New York Times*, *Financial Times*, the *Economist*, *The International Economy* and www.voxeu.org on Moodle. Additional resources are available on the course's web page (<http://people.carleton.edu/~amontero/pger.htm>).

Grading

Assessment of the students in this course will be based on their performance on two light research papers, a group data analysis project with an oral presentation component, and classroom participation. The grade breakdown follows:

| | |
|------------------------------------|--------------|
| First Writing Assignment | 25% |
| Second Writing Assignment | 35% |
| Group Data Analysis Project | 25% |
| Group Dynamics: | (10%) |
| Oral Presentation: | (15%) |
| Class Participation | 15% |

Writing Assignments

Paper assignments in this course are of varying lengths. Yet they must all be typed, paginated, and double-spaced with Times New Roman font type, 12cpi font size, and one-inch margins.

These assignments must be turned in as PDF files unless otherwise indicated by 5 p.m. in the student's hand-in folder on the Courses directory on the due date specified below. *Late work will receive no credit.* Technical problems involved in converting and uploading work onto Courses will not be accepted as reasons for late or improperly formatted work. Students are responsible for addressing all glitches unless they are systemic. Proper use of spelling, punctuation, and grammar is expected. Since ability to edit your own work and produce concise argument is a touchstone for assessing and developing your critical skills, students will not be allowed to surpass the required number of pages. A handout will be distributed with the particular parameters of each of these assignments well before the due date.

Paper #1 (Hypothesis-Testing Project):

Students will select a hypothesis inspired by the theoretical debates in Section 1 of the course. Using a mix of quantitative and qualitative empirical evidence, students will compose a 6-7 page analytical paper testing the selected hypothesis. Completing this assignment will require a light amount of independent research.

Paper #2 (Comparative Assessment Project):

Based on their study of problem areas in international political economy, students will select 2 or more countries and at least one hypothesis to assess using a comparative method. This paper will be 8-10 pages and it will require a sustained period of moderate research. The work for this paper must not be closely related to the focus of the group data analysis project.

Group Data Analysis Project

As the class begins to do more empirical analysis of problem areas in international political economy, the students will be divided into groups of three to four members. Each group will be charged with the task of collecting quantitative data on a number of countries as part of a collaborative project involving a choice of hypotheses concerning international political economy. Each group will work with the professor to focus their project and they will consult with a social science librarian for help in acquiring the necessary data. Each research team will carry on some of their discussions in Moodle so that the professor may monitor the groups' progress. Using STATA, each group will analyze the quantitative data they have collected and render an 8-minute formal oral report at the end of the term. A detailed handout will describe the format and other aspects of this project during Session 2.

The "group dynamics" score will be determined based on confidential peer evaluations, professor's observations of preliminary work handed in, and demonstrated work on the Moodle item for the group. Emphasis will be placed on the demonstration of *consistent* effort by all group members. The group dynamics score will be based on a mean group score adjusted for varying level of individual effort. The oral presentation score will be strictly collective. Because this is a collaborative exercise, all group members are responsible for the whole project. That is, each member shares in the collective responsibility of the project, making individual backsliding the problem of the entire team.

Class Participation

Communicating your insights into the subjects analyzed in this course is an integral part of the learning experience. In no way do I consider class participation a residual category for subjectively determining the final grade. In this course, I will evaluate your performance in both formal, scheduled presentations and informal class discussion. The following are structured presentation formats that will be used in this course, in addition to the formal presentation of the group research project:

- (1) An extended simulation on an IMF-managed financial crisis.
- (2) Two debates on financial crisis and development.

- (3) Small group discussions on numerous topics.
- (4) Preparation and discussion of cases in the classroom.
- (5) Extended discussions on Moodle.

In addition to these activities, occasionally students will prepare homework assignments or answer written and oral questions based on the readings and lectures. These periodic “diagnostics” will assess listening ability, reading comprehension, and note-taking. They will compose one half of the total participation score. Student performance on these diagnostics will sometimes require a meeting with the professor during office hours to review note-taking and understanding of key concepts and ideas.

Attendance

Consistent attendance in the course is required. If you know you will be absent due to a scheduling conflict involving athletic events, Model U.N., forensics, job interviews, or any other activity, please communicate that to me as soon as possible. Keep in mind that given the unique aspects of a class, you cannot really "make up" an absence.

The Grading Scale

I will be using the following grading scale in this course:

98-100 A+
94-97 A
91-93 A-
88-90 B+
83-87 B
79-82 B-
76-78 C+
72-75 C
68-71 C-
67/below D/F

Academic Misconduct

Given the fact that academe relies upon the ethical conduct of scholars, students are held to the same standards in their own work. Any act of academic dishonesty or misconduct will be referred to the Office of the Dean. For further information, see the useful link, “Academic Honesty Policy,” available on the course webpage.

Special Needs

Students requiring access to learning tools/special schedules approved by Student Support Services should contact me at the beginning of the course.

NOTE: Readings must be completed for the dates assigned below.

SECTION ONE

ANARCHY AND AGENTS IN INTERNATIONAL POLITICAL ECONOMY

Session 1: The Problem of Anarchy

Anarchy and the Problem of Cooperation (Wednesday, January 4)

Joseph Grieco. 1988. "Anarchy and the Limits of Cooperation." *International Organization* 42:3 Summer.

Kenneth Oye. 1986. "Explaining Cooperation Under Anarchy." In *Cooperation Under Anarchy*, Kenneth Oye, ed. Princeton: Princeton University Press.

Hegemonic Stability Theory (HST) and Its Critics (Friday, January 6)

Stephen Krasner, "State Power and the Structure of International Trade," in Frieden, Lake, and Broz.

John Gerard Ruggie. 1983. "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order." In *International Regimes*, Stephen D. Krasner, ed. Ithaca: Cornell University Press.

HST and Liberalism (Monday, January 9)

Robert Keohane. 1984. *After Hegemony: Cooperation and Discord in the World Political Economy*. Princeton: Princeton University Press, chapter 4.

Globalization and State Interests: The Death of Agency? (Wednesday, January 11)

Thomas Friedman. 1999. *Lexus and the Olive Tree*. New York: Farrar, Straus, and Giroux, chapter 5, "The Golden Straitjacket."

David M. Smick. 2008. *The World Is Curved: Hidden Dangers to the Global Economy*. New York: Portfolio, ch. 1, "The End of the World."

Dani Rodrik, “How to Save Globalization from Its Cheerleaders,” in Frieden, Lake, and Broz.

Institutional Mediation of Globalization’s Effects (Friday, January 13)

Linda Weiss. 2003. “Bringing Domestic Institutions Back In.” In *States in the Global Economy: Bringing Domestic Institutions Back In*, Linda Weiss, ed. New York: Cambridge University Press.

John L. Campbell. 2003. “States, Politics, and Globalization: Why Institutions Still Matter.” In *The Nation-State in Question*, T.V. Paul, G. John Ikenberry, and John A. Hall, eds. Princeton: Princeton University Press.

Daron Acemoglu, “Root Causes: A Historical Approach to Assessing the Role of Institutions in Economic Development,” in Frieden, Lake, and Broz.

Who Are the Agents in the International Political Economy? Firms, Sectors, Capital, the “Electronic Herd,” People? (Monday, January 16)

Barry Eichengreen, “The Political Economy of the Smoot-Hawley Tariff,” in Frieden, Lake, and Broz.

Shah M. Tarzi, “Third World Governments and Multinational Corporations: Dynamics of Host’s Bargaining Power,” in Frieden, Lake, and Broz.

William D. Coleman. 2003. “Governing Global Finance: Financial Derivatives, Liberal States, and Transformative Capacity.” In *States in the Global Economy: Bringing Domestic Institutions Back In*, Linda Weiss, ed. New York: Cambridge University Press.

For Extended Discussion on Moodle: Thomas L. Friedman. 2008. *Hot, Flat, and Crowded: Why We Need a Green Revolution – and How It Can Renew America*. New York: Farrar, Straus, and Giroux (chs 1-2).

SECTION TWO

ISSUES IN INTERNATIONAL POLITICAL ECONOMY

Session 2: The International Monetary System

The History of International Monetary Relations and the Dilemmas of Exchange Rate Politics (Wednesday, January 18 and Friday, January 20)

Barry Eichengreen, "Hegemonic Stability Theories of the International Monetary System," in Frieden, Lake, and Broz.

Benjamin J. Cohen, "The Triad and the Unholy Trinity: Problems of International Monetary Cooperation," in Frieden, Lake, and Broz.

Jeffrey A. Frieden, "Globalization and Exchange Rate Policy," in Frieden, Lake, and Broz.

PAPER #1 DUE (Thursday, January 19)

Central Banking Dilemmas: The Financial Crisis of 2008-Present (Monday, January 23)

David M. Smick. 2008. *The World Is Curved: Hidden Dangers to the Global Economy*. New York: Portfolio, ch.7, "The Incredible Shrinking Central Banks."

Nouriel Roubini and Stephen Mihm. 2010. *Crisis Economics: A Crash Course in the Future of Finance*. New York: Penguin, chs., 6 and 9.

Michael Pettis, "An Exorbitant Burden," *Foreign Policy* (Sept. 2011).

Matthew Gabel, "Divided Opinion, Common Currency: The Political Economy of Public Support for EMU," in Frieden, Lake, and Broz.

Bretton Woods II (Wednesday, January 25)

Dooley, Michael P., David Folkerts-Landau, and Peter Garber. 2004. "The Revived Bretton Woods System." *International Journal of Finance and Economics* 9: 307-13.

Dooley, Michael P., David Folkerts-Landau, and Peter Garber. 2009. "Bretton Woods II Still Defines the International Monetary System." NBER Working Paper No. 14731.

David M. Smick. 2008. *The World Is Curved: Hidden Dangers to the Global Economy*. New York: Portfolio, ch.4, "Tony Soprano Rides the Chinese Dragon" OR ch. 5, "Japanese Housewives Take the Commanding Heights."

The European Crisis in Historical and Comparative Perspective (Friday, January 27)

Various articles on the Euro debt crisis from *The Economist* and *Financial Times*.

Debate #1: Is it in the best interest of the eurozone members to continue monetary union?

Session 3: The International Trade System

The Economic and Political Origins of Trade Policy (Monday, January 30)

Cletus C. Coughlin, “The Controversy Over Free Trade: The Gap Between Economists and the General Public,” in Frieden, Lake, and Broz.

Ronald Rogowski, “Commerce and Coalitions: How Trade Affects Domestic Political Alignments,” in Frieden, Lake, and Broz.

James E. Alt and Michael Gilligan, “The Political Economy of Trading States: Factor Specificity, Collective Action Problems, and Domestic Political Institutions,” in Frieden, Lake, and Broz.

For Extended Discussion on Moodle: Richard B. Freeman, “Are Your Wages Set in Beijing?” in Frieden, Lake, and Broz.

The World Trade Organization (WTO), Common Markets, and Preferential Trade Agreements (Wednesday, February 1)

Alan Dardorff and Robert M. Stern, “What You Should Know About Globalization and the WTO,” in Frieden, Lake, and Broz.

Francesco Duina. 2004. “Regional Market Building as a Social Process: An Analysis of Cognitive Strategies in NAFTA, the European Union, and Mercosur.” *Economy and Society* 33:3 (August): 359-89.

NO CLASS (Friday, February 3) – Work on Group Projects

MIDTERM BREAK (Monday, February 6)

Session 4: Transnational Production and Portfolio Investment

Multinational Corporations and Commodity Chains (Wednesday, February 8)

Paul N. Doremus, William W. Keller, Louis W. Pauly, and Simon Reich. 1998. *The Myth of the Global Corporation*. Princeton: Princeton University Press, chapters 2 and 6.

Erica Schoenberger. 1994. “Competition, Time, and Space in Industrial Change.” In *Commodity Chains and Global Capitalism*, Gary Gereffi and Miguel Korzeniewicz, eds. Westport, CT: Praeger.

Daniel W. Drezner, "Globalization and Policy Convergence," in Frieden, Lake, and Broz.

Capital Flows, Capital Controls and the Disappearing State (Friday, February 10)

John M. Hobson. 2003. "Disappearing Taxes or the 'Race to the Middle'? Fiscal Policy in the OECD." In *States in the Global Economy: Bringing Domestic Institutions Back In*, Linda Weiss, ed. New York: Cambridge University Press.

John B. Goodman and Louis W. Pauly, "The Obsolescence of Capital Controls? Economic Management in an Age of Global Markets."

Credit Rating Agencies, the IMF, and Domestic Responses (Monday, February 13)

Steven A. Block and Paul M. Vaaler. 2004. "The Price of Democracy: Sovereign Risk Ratings, Bond Spread and Political Business Cycles in Developing Countries." *Journal of International Money and Finance* 23: 917-46.

Barry Eichengreen, Kenneth Kletzer, and Ashoka Mody. 2006. "The IMF in a World of Private Capital Markets." *Journal of Banking and Finance* 30: 1335-57.

Dennis Quinn. 1997. "The Correlates of Change in International Financial Regulation." *American Political Science Review* 91:3 (September): 531-51.

The Electronic Herd versus State Regulation (Wednesday, February 15)

Thomas Friedman. 1999. *Lexus and the Olive Tree*. New York: Farrar, Straus, and Giroux, chapter 6, "The Electronic Herd."

Kevin Phillips. 2008. *Bad Money: Reckless Finance, Failed Politics, and the Global Crisis of American Capitalism*. New York: Viking, ch. 7.

Debate #2: Should states turn to financial regulations to tame the "electronic herd"?

Session 5: Development and Economic Reform

Development Pathways: Cases from Latin America and East Asia (Friday, February 17 and Monday, February 20)

Gary Gereffi. 1990. "Paths of Industrialization." In *Manufacturing Miracles: Paths of Industrialization in Latin America and East Asia*, Gary Gereffi and Donald L. Wyman, eds. Princeton: Princeton University Press.

Jeffrey Frieden. 1991. *Debt, Development and Democracy: Modern Political Economy and Latin*

America, 1965-1985. Princeton University Press, chapter 2.

Robert Wade. 1990. *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization*. Princeton: Princeton University Press, chapters 3-4.

Guest Speaker: Peter Kingstone, University of Connecticut-Storrs (Friday, Feb. 17).

Macroeconomic Reform and Structural Adjustment (Wednesday, February 22)

Stephan Haggard, “Inflation and Stabilization.”

John Williamson. 2002. “Did the Washington Consensus Fail?” Speech given at the Institute for International Economic, November 6.

<http://www.iie.com/publications/papers/paper.cfm?ResearchID=488>

Razeen Sally, “The Political Economy of Trade Policy Reform: Lessons from Developing Countries,” in Frieden, Lake, and Broz.

Is Neoliberal Development Possible? (Friday, February 24)

Case #1: The Macroeconomic Reform Dilemma.

Session 6: Global Poverty and Inequality

How Development Patterns and Policy Choices Exacerbate Poverty and Inequality (Monday, February 27)

David Dollar, “Globalization, Poverty, and Inequality Since 1980,” in Frieden, Lake, and Broz.

Abhijit V. Banerjee and Esther Duflo. 2011. *Poor Economics*, chs. 1-4.

For Extended Discussion on Moodle:

World Bank. 2005. “Millennium Development Goals.” (<http://www.un.org/millenniumgoals/>)

The Social Dilemmas of Economic Reform (Wednesday, February 29)

Abhijit V. Banerjee and Esther Duflo. 2011. *Poor Economics*, chs. 6-8.

International Approaches to Ending Poverty (Friday, March 2)

Abhijit V. Banerjee and Esther Duflo. 2011. *Poor Economics*, chs. 9-10.

Case #2: The Allocation Dilemma

PAPER #2 DUE (Thursday, March 1)

THE IMF SIMULATION (Monday, March 5 and Wednesday, March 7)

SECTION THREE

THE DATA ANALYSIS GROUP PRESENTATIONS

Student Group Presentations (Wednesday, March 7 and Friday, March 9)